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### CREDIT WOR

L. S. CROWDER EDITOR



ARTHUR H. HERT ASSOCIATE FOITOR

**VOL. 30** 



NO. 7

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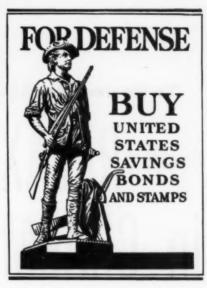
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## 5 ESSENTIALS

## of Successful Retail Credit Granting



Ben Y. Cooper

Credit Manager, Odum, Bowers and White Birmingham, Alabama

TE HAVE COME to a crossroads. Some of the elements considered essential to retail credit operations a year ago may now be found to have diminished in importance. Conversely, these factors fraught with great value at this moment may be comparatively obsolete in 1943.

But that is unimportant. The question is: Just what can we see in the immediate foreground and on the horizon? The blur of contemporary detail is confusing and must be cut away.

It follows as a normal development that what we consider the Five Essentials of Successful Retail Credit Granting may seem strange to you. However, brief reflection on their basic merits and their importance in the present scheme of things will furnish proof of their values. These values are relative; first, as to each other; and second, as to the present days of our years.

Suppose the owner of your concern should relinquish entire control of the business overnight. Suppose that tomorrow you should awake to find yourself in complete charge. What immediate changes would you effect in your credit policy that you had always wanted to make, but were restrained from making by your employer?

And again suppose you should decide tonight not to return to your desk in the morning—what immediate changes would your employer make in the credit routine of his business? What would he immediately do that you aren't doing, and what would he discontinue that you are now doing?

#### The First Essential

The answer to these questions is the proper solution to the first essential of successful retail credit management—trying tremendously to see eye to eye with your employer in the administration of his intricate credit problems. It is not to be inferred that you are a "Yes Man"; quite the contrary. If you think you are right on a matter of policy, then present your case as ardently

as you can. Likewise, if he has a point to make, interpret his thinking liberally, and somewhere you will both meet on a common ground that will contain the essence of the best you both have to offer.

So, we shall say that the first essential is a common understanding between a credit man and his employer. There will have to be some sacrifices, and until a harmonious interpretation of credit problems prevails between the two, there can be no truly successful credit operation. Each must thoroughly understand and respect the other, or there can be no healthy, constructive credit policy that will both sell goods and collect money.

### The Second Essential

The second essential is that you maintain, in these abnormal times, an adjustable, flexible credit policy that can serve your customers soundly and efficiently.

To illustrate this point let us ask: Did you ever fly a kite? You will remember what a time you had trying to get the kite aloft when there was no wind. You had to run all over the field hoisting the thing behind you until it finally began to rise.

Let us assume for a moment then that business is the kite and the wind is prosperity. What a thrill it gave you to feel that reassuring tug as the wind took hold, and you watched the kite begin to climb, slowly but steadily. You let your cord out, little by little, as the wind took hold and you proudly observed your handiwork as it mounted higher and higher in the heavens. Soon then all that you had to do was be on the alert for occasional down drafts, lulls in the breeze now and then, and give the kite only such attention as was necessary to keep it on an even keel.

But strangely after a while, and quite to your amazement, you found that your kite had drifted away from you. It had become only a speck on a distant cloud; the sky assumed an unnatural brilliance and sharp, violent gusts of wind were pulling against the stout cord. You

felt the far-away kite struggling in your grasp and you fought to keep it aloft amidst the conflicting winds. Then, the dramatic conclusion, your kite (which we may call your business) became engulfed in storms that you could feel but could not see or understand, and you knew that your only hope of getting that kite back to normal levels was to play it against the storms.

#### It Pays to Be Cautious

So with your business; tighten up on the cord when you feel a slack moment; let out more line, cautiously, when you are sure the current is sound; and in the next breath reel in like fury when you feel it breaking away from you.

And so with your credit policy. It cannot be hidebound now and serve you faithfully and efficiently. Why? To continue the analogy, let us enumerate a few of the crosscurrents of wind and storm that blow about us every day.

A. There are thousands of persons now seeking credit who have never sought it before. Many have no previous background of credit experience from which to help you make your decision. True, the present high wage scale has the unfortunate effect of giving many people delusions and grandeur, and without a doubt many are not entitled to credit. Still, shall we pass up the entire carload of apples because some have bad spots? Here we must let out the cord on our business kite.

B. Again, the credit men right here in Birmingham and in Alabama in general face a more difficult assignment in preventing unwise credit expansion than in any other part of the nation. Why? The industrial activity of this state is 80 per cent above the average for 1935-1939, which is the greatest ratio increase in the country. We are situated in the midst of the most highly concentrated defense production area in the nation, and it is so easy to be misguided. There may be starvation in the midst of plenty, for of the 800,000 manufacturers in America, less than 7,000 have defense contracts of any kind or description, and the 7,000 are getting the chief priority ratings. So here is a point at which we must hold tightly to the cord, and reel in the kite against unwise credit extension. Be certain that your applicant has a job that will not terminate in the morning.

C. How about that vast army of men and women who depend on their investments to give them sustenance during these turbulent times? Despite the fact that our national income is at 1929 levels, the stock market remains at generally low quotations. The reason for this condition lies in the fact that during the past ten years the changing order has cut heavily into the earnings of corporations. Higher wages and increased taxation have been paid out of corporate earnings, but have not generally been reflected in the price of goods sold. The result is that the average return on a business investment is slightly less than 3 per cent. The stockholder is the forgotten man and for those whose incomes depend on returns from corporate investments the kite line must be tightly grasped.

#### The Third Essential

So much for the obvious necessity of a flexible, adjustable credit policy. The third essential—proper controls or credit limits on your accounts, to be observed as they have never been before. If ever there was a time for credit men to clean ledgers, it is now. No one knows when we shall again pass through a period when so many people are gainfully employed, and at good wages. Very few can now give you the old moth-eaten excuse for evading their debts; the excuse of unemployment or inadequate income. Take out your old P & L's, get as much information from your Credit Bureau as you can in locating these people, and go after them for the money that is rightfully yours. And with clean ledgers, you can face the third essential squarely: How Much Shall I Let Them Buy?

While being cautious, at the same time remember that the increased cost of merchandise plus added taxes will quickly be reflected in the individual balances on your ledgers. These figures combined with higher wages will require that you step up your limits in many cases, otherwise, you will curtail the buying power of those best able to pay you.

Conversely, there is the man who has always been habitually slow pay—the kind that tells you "not to worry—don't send me any more of those sassy letters; you will get your money—you always have, haven't you?" That fellow will probably earn more money now, but, until he has demonstrated that he can pay you for what you have sold him before, as he agreed to pay it, don't make the fatal mistake of enlarging his line of credit just because his earnings have increased. He will be the first to fall down hard when the recession sets in.

### The Fourth Essential

The fourth essential is "The Credit Man's Workshop." Can you vision a machinist at work without a lathe, a mariner without a compass, and a huntsman without his gun? Then try to picture a credit manager doing an adequate job minus the tools of his profession.

And yet it is obvious at every turn that such is the case. Of course, first and foremost, you need the constant, dependable service of your bureau to help you do everything from passing on new applications and revising old accounts to locating the skips that infest your ledgers.

Again is your series of form letters adequate? And are they revised frequently? How about records to help you judge the effectiveness of your different letters?

Your CREDIT WORLD and all the current reading matter that pertains to your work—are they readily available, and are your files adequate? Do you have the daily or weekly bulletins from the bureau handy and do you use them?

Is your desk neat and orderly, and is there a place for everything and everything in its place? This is no time for a rumpled, messy office and there is no time to be wasted in searching endlessly for tools that should be kept at your finger tips. The best investment you and your firm can make now is proper equipment to help you to do your job. The credit man's workshop is exactly what the term signifies and it is indeed the fourth essential.

### The Fifth Essential

The fifth and last—market your service as though you were a supersalesman putting over the most tremendously important contract in your life.

Until the last ten or fifteen years too many companies have looked upon the credit department as a necessary evil; an imaginary hindrance to business that must be endured; the orphan child of the concern that finally winds up with the cast-off typewriters and the incompetent clerks who could not be used in other departments.

Happily, we have progressed beyond that state of affairs, but we must go further. Every stroke of the pen, every click of the typewriter, and every thoughtful decision made, must be calculated to accomplish one purpose, and that is to convince your employer that your job is of ultimate importance to him and his success.

Assume responsibility over and above the routine acceptance and rejection of accounts and the collection of money. Make your department a keen and prophetic builder of business. Study the trend of events, the industrial and labor conditions in your market, and govern your decisions accordingly. Don't move blindly from day to day in the same routine path without thought of the morrow. You may suddenly find yourself at a dead end.

### What Becomes of Good Charge Customers

One of your greatest concerns should be: What becomes of the good charge customers who pay up and quit trading? An analysis of this problem recently made by a large Southern department store revealed that out of each 100 customers who stopped trading at their store:

1% Died

3% Moved away

5% Were taken to other stores by friends

9% Quit because of prices or services

14% Quit because of unadjusted grievances

68% Quit because of indifference

Perhaps that is where your extra volume has been going. Sixty-eight customers out of each 100 left because nobody cared whether they came in or stayed away. Now that is the one gap in the dyke that the credit manager can certainly plug. A little intelligently directed effort could get most of those 68 customers back.

Again, are you certain that your terms of sale and repayment are entirely clear to your customers? Nothing gives rise to more headaches and ill will than sales terms inadequately explained and understood. They may all be entirely clear to you, but how about the new girl out front? Charity begins at home and before you turn her loose upon an unsuspecting public, be sure that she understands what she is doing and that she can convey that understanding clearly to your customers.

Again, the sound and progressive operation of your employer's business is of great moment to you. Do you know that during the twenty-year period of 1920 through 1939 there were 952,439 commercial failures in this country, an average of 47,600 per year? That there was a continuous upward trend in failures from 1920 to 1933, and that in 1928, the year of our greatest prosperity, there were three times as many failures as in 1920? Contrary to the general impression these failures increased steadily during 1926-1929, our three most prosperous years. Of the 952,439 failures, 63.1 per cent left not one penny of realizable assets.

These deplorable figures can never hold now if we are to survive and remain economically sound and there is no one in an organization better fitted to take cognizance of the evil shadows of events to come than the credit manager.

You have your hand on the pulse of business; keep it there and let nothing escape your vigil. I am sure that all of us, sometime, somewhere, driving along in the dead of night, have come across this ominous sign visible only by a flaring lamp, "Detour. Road Under Construction. Proceed at Your Own Risk." It seems that all our familiar paths are under construction; the guide has lost his way and thrown away the charts. But we, as credit managers, have five detour signs we can follow; five essentials of retail credit granting, which, if we follow, will lead us out on the broad straight highway once again.

Let us then, in conclusion, mention these five detour signs again:

- 1. A common understanding and unity of purpose between the Credit Manager and his employer.
- An adjustable, flexible credit policy that can serve you efficiently and soundly in these hectic days.
  - 3. Close attention to proper credit controls and limits.
- Proper working materials with which to do a competent job—the credit man's workshop.
- 5. Market your services as though you were a supersalesman putting over the most tremendously important deal in your life.

### Official Notice

### To All Members of the

### National Retail Credit Association:

You are hereby notified that the Thirtieth Annual Convention of the National Retail Credit Association will be held in the City of New Orleans, Louisiana, June 15, 16, 17 and 18, 1942, for the election of officers and six directors at large, and the ratification of directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

#### Officers Whose Terms Expire:

President, David D. Bolen, Des Moines, Iowa; First Vice-President, H. J. Burris, Kansas City, Missouri; and Second Vice-President, Fred W. Barton, Worcester, Massachusetts.

### Directors' Terms Expiring in 1942:

The terms of the directors for Districts 8, 9, 10, 11, 12, and 13, and six directors at large expire at the convention. The directors elected by Districts 8, 9, 10, 11, 12, and 13, will be ratified and installed for two-year terms.

L. S. CROWDER General Manager-Treasurer

#### Attest:

ARTHUR H. HERT Secretary



Perry B. Armold

# Shall We Retreat or Attack?

Shall we retreat or attack? It seems that some credit executives are convinced that there is nothing to do but take what comes and fall back. The author of this exclusive, thought-provoking article, Mr. Perry B. Armold, President of the Armold Training Institute, Los Angeles, believes that now is the time to bring up all the forces of the store and attack from behind everycounter. The first one to be shot is Old Man Indifference.

Mr. Armold, with his wife, has conducted many successful business institutes throughout the United States under the auspices of retail credit associations. Mrs. Armold will address our 30th Annual Convention at New Orleans, June 18, on the subject, "A Customer Looks at the Credit Manager."

BECAUSE OF THE DWINDLING MARGIN between wholesale and retail prices of goods sold to the consuming public, it is becoming increasingly necessary for the managers of both retail and home service organizations to "watch their step" in the matter of operating expense, overhead, and capital losses, as well as in the important matter of extension of credit to customers.

It is of equal importance to "watch their step" in the way the salespeople meet the customers on the firing line when they come face to face. Here is where an organization can make or break itself. After all is said and done, the customer is the thing that makes the business wheels go around.

There come, then, to the business leader the same problems of strategic retreat or spirited advance that come to the General leading his army against the foe. The business foe is self-satisfaction and indifference. It has been said in warfare that sometimes a strategic retreat is the best start for an attack. Possibly there are times when this is true.

Some managers seem to believe that now is the time to slow down on offensive and aggressive salesmanship and advertising, and that the credit department should not let out any more line, but pull in that which is now out. In other words, just coast along until the uncertainty blows over. Another school of thought believes in keeping the organization favorably and aggressively before the public in the regular channels of advertising and safe credit extension; that sales efforts should be stepped up in order to counterbalance the rather jittery feeling of the customer about price, quality, out-ofstock articles, and finally the new products to take the place of those formerly carried and which cannot be secured now because of war priorities; that it requires more courtesy and hospitality now to please a customer and keep her pleased than it did when we had a buyer's market, for many of them seem to be looking for trouble of some kind when they come into the store.

Since the credit department is so closely knit with the sales department, I prefer to attack the subject from the standpoint of present-day marketing tendencies. It is believed that the organization wanting to continue in business after the shooting is over, will of necessity agree with us that there must be no retreat in service, courtesy and hospitality. By service we mean that of a personalized nature, rather than the mechanical or policy items that must be curtailed for the duration at least, and many of them should be curtailed forever now that there is a common ground for such discontinuance.

Complacency is just another name for retreat. It is regrettable that some organizations are content to coast along on the honeymoon boom in a great many localities, and think the joy ride will last until Gabriel blows his horn. This kind of retreat will ultimately develop into a rout.

Other executives, both junior and senior, in the same city recognize the danger of becoming too cocky. Their business, too, shows splendid gains over last year, but they know that there will come a day of reckoning when a customer will again be something of great importance. They have been getting a great lesson from the stories published daily about the retooling of plants and machines for turning out all the implements of war necessary to a complete victory. This has been a big job, but retooling minds of salespeople, service people and the consumer as well, is a far more difficult job.

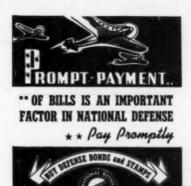
There is a great temptation on the part of shortsighted management to cut distribution costs deeply by lopping off advertising, credit and selling expense. "Got more business than we can handle now," they say, and since the personality of an organization is, in almost every case, a reflection of the management, it is not long until the same complacency is being shown the customer by the salespeople and credit department. Too much sunshine kills business. All too often, so customers tell us, a salesperson delights in telling the customer that she can no longer have a called-for article. The report is, "with a smirky smile, that seems to say, goody, goody, you can't have it.' Instead of being sorry about not being able to grant every request of a customer and making a tactful suggestion on another size, or a substitute article, or even a different brand, as a real salesperson would, there is that suggested feeling of "I don't give a darn."

### No Substitute for Good Will

Management should give more attention to the firing line than ever before, recognizing that the more customers they can please now, the more they will have later on when they will be needed and appreciated. Most of us have seen the manager of a ball team pull his best pitcher when the team seeemingly had a commanding lead and put in a less effective one, only to wake up and find his team on the short end of the score and the game over. There are just nine innings and no grace innings thrown in to permit him to try again. Let's not retreat in our attempt to give everything we have to this business game. There is no substitute for good will and after customers have found another organization more friendly and appreciative, they are gone; the game is over as far as they are concerned.

A business that retreats now on the things that people want and have been accustomed to, will find itself out of ammunition and proper man power to make the attack when the going gets tougher. If your business is "too good," it is time to be worried; better make an effort to widen the consumer base with a special drive for new credit customers. Any good salesperson can bring substantial credit customers into the organization if he will only make the effort. They will all be needed when the backlog of mobilization for defense has ceased to burn.

An aroused nation is and will continue doing all it is called upon to do to win this war; our money, our men, our sacrifices will be cheerfully given. The great army of business men and women must also help to build morale at home by doing a better job of distribution than ever before. They too serve, whatever the station. There must be no retreat in management or personnel. We must not become self-satisfied and indifferent because it is easy picking now. Let's charge; fight with all our might, and at the same time mobilize for peace by taking what we have or can get and making the most out of it.



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### Wartime Convention Preview

Thirtieth Annual Conference and Credit Sales Forum June 15-18, 1942, The Roosevelt Hotel, New Orleans, La.

> STANLEY W. KEMP General Convention Chairman

> > = \* \* \* =



#### WHY YOU SHOULD ATTEND-

The 30th Annual Conference and Credit Sales Forum, June 15-18, 1942, The Roosevelt Hotel, New Orleans, La.

### IT IS THE ANNUAL MEETING OF FOUR NATIONAL ORGANIZATIONS—

The National Retail Credit Association.

The Associated Credit Bureaus of America.

The Collection Service Division.

The Credit Women's Breakfast Clubs of North America.

### IT IS A WARTIME MEETING-

The program will be based on the theme "Credit in Wartime." At the general assemblies and the group sessions you will find the answers to many of the problems brought on by the war.

### THE IMPORTANCE OF THIS MEETING HAS BEEN INCREASED BY THE WAR—

With conditions changing from day to day, as a result of the war, it is more necessary than ever before that you avail yourself of this opportunity to find out how others in the retail credit field are meeting the new situations that arise and what plans they are making for the future.

### REGULATION W IN ALL ITS PHASES WILL BE DISCUSSED—

At an Open Forum to be held Wednesday Afternoon, Honorable Ronald Ransom, Vice-Chairman, Board of Governors, Federal Reserve System, Washington, D. C., and members of his technical staff will be present to participate in the discussion of Regulation W.

### THIS CONVENTION IS A WORKSHOP NOT A PLAYHOUSE—

General assemblies with outstanding speakers are held Monday Afternoon and Tuesday, Wednesday, and Thursday Mornings. Group sessions are held Tuesday, Wednesday, and Thursday Afternoons. All entertainment is at night—after the day's work is done.

### MORE THAN TWO HUNDRED LOCAL DELEGATES WILL WELCOME YOU TO NEW ORLEANS—

They will leave nothing undone to make your visit a profitable and enjoyable one.

The Retail Credit Association of New Orleans earnestly urges your careful consideration of this opportunity to participate in one of the most important National Retail Credit Association meetings ever held.

#### NEW ORLEANS—A VACATION AND CON-VENTION CITY—

It should be noted that average summer temperature is a comfortable 78.3. This makes it an ideal vacation city. Any one interested in vacationing in New Orleans after the Convention is over can obtain special data on what to do and see by writing to the General Convention Chairman.

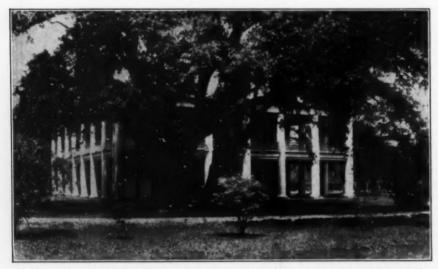
#### THE PROGRAM-

A splendid business program has been prepared that will surpass any National Convention to date. See the opposite page for full details.

### ADVANCE REGISTRA-TIONS—

We suggest that you register now. Also, write the Roosevelt Hotel for room reservations. This will assure you of adequate accommodations and avoid last minute disappointments.

MAKE YOUR PLANS
NOW TO ATTEND
THIS IMPORTANT
WARTIME CONVENTION. NEW ORLEANS
—THE CONVENTION
CITY—AWAITS YOU.



ABOVE IS A PLANTATION home known as "Three Oaks" which is typical of the many old homes to be found in and near New Orleans. Reminders of an almost legendary past and of the open-handed hospitality of that glorious period, they present a picture long to be remembered.

### NATIONAL RETAIL CREDIT ASSOCIATION

### 30th Annual Conference and Credit Sales Forum

June 15-18, 1942, Hotel Roosevelt, New Orleans, La.

### **Business Program** . . General Sessions

### Monday Afternoon, June 15

2:00—ASSEMBLY—Ballroom, Hotel Roosevelt.

MUSIC—Wm. F. DeVere, The Cheyenne
Credit Bureau, Cheyenne, Wyo.

2:30—CALL TO ORDER—David D. Bolen, Younker Brothers, Des Moines, Iowa; President, National Retail Credit Association.

INVOCATION—Rev. Louis J. Mulry, S. J., Pastor, Church of the Immaculate Conception, New Orleans.

IN MEMORIAM.

WELCOME TO NEW ORLEANS AND LOUI-SIANA—Honorable Sam H. Jones, Governor of Louisiana, Baton Rouge, La.

RESPONSE—Wells J. Huntley, Retail Service Bureau, Seattle, Wash.

M. A. Mahoney, Independent Coal Co., Ltd., Ottawa, Ont., Canada.

3:15-"America's Tomorrow."

C. C. Sheppard, President, Louisiana Central Lumber, Clarks, La.; Past Director, National Association of Manufacturers.

3:45—"Financing American Industry in War and in Peace."

John S. Fleek, Partner, Hayden, Miller & Company, Cleveland, Ohio; President, Investment Bankers Association.

4:15—"Present Impotence and Potential Power of Small Business in National Affairs."

A. G. T. Moore, Manager, Conservation and Traffic Departments, Southern Pine Association, New Orleans, La.

4:45—Introduction of Convention Committee.
Introduction of Members from Canada.

### Tuesday Morning, June 16

9:15—Assembly—Music.

10:00-"Things We Have."

L. S. Gilbert, Credit Service Exchange, Atlanta, Ga.; President, Associated Credit Bureaus of America, Inc.

10:30-"Our Everyday Job."

Robert L. Thornton, President, Mercantile National Bank, Dallas, Texas.

11:00—"All Out Effort in Our National Emergency."

Capt. A. A. Nichoson, Assistant to VicePresident, The Texas Company, New
York, N. Y.

11:30-"Rationalization of Consumer Credit."

Robert W. Elsasser, Professor of Économics and Management, College of Commerce and Business Administration, Tulane University, New Orleans, La. 12:00—Introduction of Exhibitors' Represen-

12:15—Convention Photograph.

### Wednesday Morning, June 17

9:15—Assembly—Music.

9:40—"The Road Ahead as Viewed From Washington."

> R. Preston Shealey, Washington Representative, N. R. C. A., Washington, D. C.

10:00-"Five Years of Progress."

Miss Lily Person, Plymouth Furs, Inc., Minneapolis, Minn.; President, Credit Women's Breakfast Clubs of North America.

10:20—"How to Streamline Everyday Correspond-

Waldo J. Marra, Bank of America, San Francisco, Calif.

11:00-"Regulation W-Its Administration."

Hon. Ronald Ransom, Vice-Chairman, Board of Governors of the Federal Reserve System, Washington, D. C.

11:30—"The Economic Effects of Regulation W."

Wm. H. Baldwin, Manager Credits—U. S.
and Canada—General Motors Acceptance
Corporation, New York, N. Y.

12:00—"Greetings From Our Wholesale Friends."
Edward Pilsbury, B. Rosenberg & Son, New
Orleans, La.; Past President, National
Association of Credit Men.

### Thursday Morning, June 18

9:15—Assembly—Music.

9:40—AWARDING OF TROPHIES.

10:00—"Improving Collections—The Collection Agencies' Contribution."

> Fred Fluegel, Iowa Adjustment & Credit Bureau, Cedar Rapids, Iowa, Chairman, Collection Service Division, Associated Credit Bureaus of America, Inc.

10:20-"Letters."

Carl Wollner, President, Panther Oil & Grease Manufacturing Co., Fort Worth,

11:00—"A Customer Looks at the Credit Manager."

Mrs. Fay H. Armold, Vice-President, Armold
Sales Training Institute, Los Angeles,
Calif.

11:30—"Consumer Credit—The War and After."

Malcolm L. Merriam, In Charge of Credit
Research—Current Business Analysis Unit,
Department of Commerce, Washington,
D. C.



## DEPARTMENT LET

### · Aline E. Hower

Writes Mr. R. D. Roberts, Division Credit Manager, Union Oil Company, Los Angeles. "We have a few that we are somewhat proud of because we have received very favorable outside comments on them. The most successful are those we write to men in military service, the reopened accounts, and our complimentary letter to those with good paying records. The notation in the upper right-hand corner of each letter is for our internal use so that our credit man can make the selection of the letter to be written according to the circumstances involved."

Glad to hear from you again, and a million thanks, Mr. Roberts! I enjoyed my work for you and the other executives and staff of Union Oil Company more than I can express.

The entire Petroleum Group is generous in sharing ideas, and always on the helping side. I can speak from firsthand knowledge, for besides Union Oil Company, Cities Service Oil Co., Gulf Oil Co., Shell Petroleum Corp., Socony-Vacuum Oil Co., Standard Oil Co. of Indiana, and Standard Oil of New Jersey are some of my good accounts.

Energetic, capable, Mr. Roberts, then Division Credit Manager at San Francisco, was a grand "boss." I reported to him after visiting the Los Angeles and Fresno Union Oil offices.

"Letters should be written to make life happier—both for the reader and the writer," I remember remarking during a meeting in the Fresno office. "How," smilingly inquired a member of the staff, "does that apply when you have to write a man that you are going to have to use force to collect?"

Almost-I was out on a limb.

But, let me ask you, if such a letter helps get payment, aren't all in a happier position—the customer who clears his debt, and the Company who has the money due? No one agreed more quickly than the Union Oil group.

Mr. Roberts' staff in San Francisco and Oakland attended our Letter Writing Clinic at the St. Francis Hotel, every evening of the five meetings. A grand, earnest group.

You can understand my pride in working for them. Well, just look at the kind of letters they write! It's always the best letter writers who are most interested

Reading this magazine carefully and regularly will contribute to your success as a Credit Executive in improving their work! I've found that to be true, again and again.

Seventeen years ago, when I started work as a Letter Counselor, I thought that if I could find the folks who most needed to improve their letters, I'd have my clientele. But, I shortly learned that the poor letter writers were the ones least interested in improving them and often were not alert to the wisdom of doing so. The firms who were and are "letter conscious," and the most successful in each community are the ones most interested in further improvement.

All over the country, the oil companies have sent their staffs to Letter Writing Clinics and have had their letters audited. That's typical.

### This Month's Illustrations =

Illustration No. 1 a complimentary letter to those with good paying records is particularly successful, according to Mr. Roberts. It expresses the spirit of Union Oil Company. Wouldn't anyone be proud to receive a letter like that? I'll venture a guess that some recipients frame the letters or treasure them "among their souvenirs." This letter expertly uses the friendly and effective "approval appeal." It speaks of the good qualities of the customer from start to finish.

Illustration No. 2 to reopened accounts is another of the most successful of the letters as pointed out by Mr. Roberts. Notice the good cheer in the opening. Cheerfulness, like sunshine, attracts, awakens, produces. It is a form of approval. Notice how the letter goes on to welcome the customer, another form of approval. Such a message must produce not only good will and better paying habits, but also additional business.

Illustration No. 3 uses a "star" opening, pleasing to the reader in spite of the condition of the account. The second paragraph is positive and reassuring rather than negative and threatening.

Illustration No. 4 is a face-saving, inviting letter. The opening "Thank you . . ." is always pleasing. The second sentence of the middle paragraph most tactfully edges across an idea by use of a question. "We should like to have the opportunity of meeting you personally." Don't you warm up to that closing?

Illustration No. 5 gives another face-saving appeal, in the second paragraph. This form of approval is reported as particularly effective. The wording, as in all the letters, is graphic, clear, up-to-the-minute, friendly.

Illustration No. 6 is as human and gracious as Union Oil Company itself. It is reported by Mr. Roberts as one of the most successful of the form letters. From start to finish it approves the reader, cheers him, makes him feel good.

I am proud to have Union Oil Company as a customer and happy to have the opportunity to present their excellent letters to members of the National Association.

### Union Oil Company of California



LOS ANGELES CALIFORNIA

To dustamers who have established a satisfactory account over a period of two years.

March 12, 1942

Dear Mrs. Credit:

Your splendid paying record and patronage of our products through the use of your credit card are things which we hope afford you a great deal of pleasure.

Frompt paying customers like yourself are the lifeblood of any business. In fact, its offset is felt won the economic welfare of the country.

Should you have the occasion to use us as a reference, feel free to do so, for them it will give us the opportunity to show some further evidence of our sincere appreciation.

Thanks a lot.

Yours very truly

R. D. Roberts R. D. Roberts Division Credit Manager

RDRIJI



### Union Oil Company of California

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LOS ANGELES, CALIFORNIA

Letter to customer when account is reopened.

January 20, 1942

Mr. B. J. Carl 4566 Union Street Los Angeles, California

Dear Mr. Carl:

It must be a source of great pleasure te realise that your account is in fine shape again shape again closur very splendid opperation in clearing your old belance us afforce whe opportunity of helping to reastablish you as one of our regular, more,

We hope that you will unbesitatingly use the emplosed oursently dated credit card for all of your petrolsum and automobile requirements.

Your patronage of our products and service is sincerely appreciated, and it is our desire that the friendly relations we now have with you may continue indefinitely.

R. A. Roberta R. D. Roberts Division Credit Manager



### Union Oil Company of California



TOO UNION OIL SUILDING LOS ANGELES, CALIFORNIA

Contemer's credit card is about to expire and will not be received un-lass payment is received

March 10, 1942

Mr. Frank T. Rivers 808 Pine Beverly Hills, California

Dear Mr. Rivers:

Our relations with you have been most pleasant, and we are looking forward to a continuance of this happy situation.

The credit eard you now hold expires on the 31st of the month. So that there will be no interruption the our service to you, won't you please for our payment for the amount day, and then your payment for the sill be sent in the next mail.

Customers' accounts must be in a current condition before renewals are mailed.

If your cheak has been forwarded in the past few days, please accept our thanks and disregard this letter.

Yours very truly

P.D. Roberte R. D. Roberts Division Credit Manager



### Union Oil Company of California



LOS ANGELES, CALIFORNIA

April 8, 1942

Mr. Charles J. Jones 520 Cliver Los Angeles, California

Dear Mr. Jones:

Thank you for your recent request for a credit card.

The information which we received as a result of our usual investigation is not entirely complete. Would it be possible for you to call at our office to discuss the application further?

We hope so, as we should like to have the opportunity of meeting you personally.

Yours very truly R. D. Roberte R. D. Roberts Division Credit Manager

BER LEL



### Union Oil Company of California





No reply to previous

Pebruary 20, 1942

Mr. A. C. Park NTSES Ocean Erive Neverly Hills, California

Dear Mr. Parks

Mid you receive the letter we mailed to you a short time ago?

We haven't heard from you, but then mo of us are so busy these days that time slips by before we give our personal affairs the attention they deserve.

Why not send us your check now while you are thinking about it, or on the fost of this letter tell us of your plans to clear your present balance.

R. D. Roberte

R. D. Roberts Division Credit Manager

RESP. JL



### Union Oil Company of California

LOS ANGELES, CALIFORNIA



March 2, 1942

Dear Mr. Carrs

It is possible that you have a plan in mind with regard to the balance now owing on your account with us. May we hear from you along these lines? A postage paid envelope is enablesed for your convenience. Flease be assured that we will give full consideration to your present situation.

Your patronage and handling of your account we hold in high esteem, and we look forward to the day when you will once again be back with us. Sood lunk

Yours very truly R. D. Roberts

R. D. Roberts Division Credit Manager

RDWy JL



# CARRYING CHARGES DURING WARTIME

B. C. Gilbert

Credit Manager, L. S. Good & Company Wheeling, W. Va.

ARTIME MAKES NO DIFFERENCE as to whether carrying charges should be added to past due monthly accounts. However, wartime is emergency time and the public is in a cooperative mood. The acceptance of the current campaign to eliminate the expensive practice of delivering a spool of thread or a pair of hose, even special upon request, is a good example. The policy of charging interest, which is in effect in Wheeling and many cities in the United States, was not introduced as an emergency war measure, but as a just and proper way of allocating a certain portion of the collection costs. War merely makes us more progressive in our thinking and less bound by tradition.

Back in 1931, when times were hard, sales were poor, and money was hard to get, the merchants of Wheeling decided to investigate the action taken by the stores of Youngstown and at least one store in Akron. They sent the manager of the local credit bureau to those cities, with instructions to get the facts. In 1931 this policy was adopted in Wheeling by several of the leading stores and the following notice was sent to all customers:

Charge accounts, as you undoubtedly know, are a special service and convenience to our customers, enabling them to pay in one sum, on the 10th of each month, for purchases made the previous month. In fairness to our thousands of cash customers and the charge patrons who pay their accounts regularly by the 10th of the month following purchases, we have adopted the policy of adding a charge of one-half of one per cent per month on any balance past due. This is to cover the cost of carrying accounts not paid in accordance with our terms. We are quite sure you will recognize the necessity of this policy and cooperate with us as you have in the past.

The method of computing this charge is as follows: Purchases made during the month of May are due and should be paid in full by June 10. If these purchases or any portion of them are not paid for by July 15, a carrying charge of one-half of one per cent is charged on the balance as of July 15, the interest-bearing period being June 15 to July 15. Any charge of less than five cents is dropped until that amount is accumulated.

After a couple of months the plan was modified and the charge not added until August 15, giving the customer 35 days' grace. Under this plan, charges made May 1 could run three and one-half months, and if paid by August 15 were not subject to carrying charge. Later one of the stores began adding the carrying charge six times a year; every other month beginning January 15, at the rate of one per cent. As under this plan, purchases made during April and May were not assessed a carrying charge until September 15, the revenue was reduced somewhat, but the bookkeeping expense was cut in half. The other merchants soon adopted this method and you can easily see the carrying charge policy in Wheeling affects only the accounts that are really slow. This takes the wind out of the sails of any complaint.

All five major department stores in Wheeling adopted this plan. Some reported a better collection percentage, others reported little change, but none reported a decrease. The customer acceptance was much better than we expected. We have had complaints, but they were remarkably few. Because of the fact that each of the stores adhered to this policy and would, under no circumstances, credit or refund the carrying charge, the plan was successful. We all agreed that it would be better to lose a customer because of a ten cent interest charge than to make an exception, as even one exception would be the break in the dike.

Our company's set-up is a little different. On January 1, 1941 when we adopted Simplified Cycle Billing we went back to adding a carrying charge every month. We send out statements for a control each day and the carrying charge is now figured each day for the control being billed. This is quite simple as the progressive signals, which are visible, show at a glance which accounts are subject to the charge. Since we enclose the original sales tickets, our posting media, in the customer's statement, we had a form drawn up to support the carrying charges which reads as follows:

In accordance with our policy, monthly charge accounts are due on the 10th of the month following purchase and a carrying charge of ½ of one per cent per month is added to any account which has a delinquent balance. This is not considered interest, but is a charge to help defray the extra expense of handling accounts more than 30 days old.

As your account now has a past due balance, we are today adding a carrying charge of \$-----

Our turnover usually runs a little better than the average for the Pittsburgh area, and it has been our ex-

perience that the carrying charge collected over the past ten years has sometimes amounted to more than our net credit losses and has never amounted to less than half. Here are letters from the four other stores in Wheeling which show a unanimity of opinion that is remarkable:

Placing of carrying charges on customers' accounts brings forcibly to their attention your credit terms, thereby reducing the number of accounts that are past due. The average customer, in time, realizes that where 'time is money,' extended time 'costs money.' The income from such charges takes care of certain fixed charges and offsets certain losses.

The carrying charge is a most excellent adjunct to open as well as protractive payment charge accounts, but only if strictly adhered to; that is, once the charge is earned and correctly applied to the account, it must be neither abatable nor debatable. In our experience there has been very little resistance to it, and that only when first applied.

There should be carrying charge added on all open accounts which are carried beyond a period of 90 days. This policy has a definite influence on customers' paying habits. It has encouraged customers to pay their bills more promptly and at the same time in those instances where the customer has felt that the account could not be paid within the 90-day period, the purchases have been arranged on a budget or deferred account, which is much more satisfactory to the store and customer as well.

We have been collecting a carrying charge for many years, and have found it most satisfactory. Customers do not object to it, but rather expect it when they are delinquent of their bills. We have also found that customers appreciate that a retail concern cannot afford to operate without making charges for such things as delinquent accounts unless they make up any such service by adding to the cost of their merchandise. Consequently, a light carrying charge, although it does not offset the complete cost of a slow account, at least partially offsets it and creates in the mind of the customer the idea that the credit end of the business is paid for by the credit customer and not by all the customers on the merchandise.

### Plan Adopted by Smaller Stores

Some of the smaller stores have adopted this plan, giving Wheeling a pretty good coverage. I would like to recommend the policy of adding interest to past due charge accounts for these reasons:

- 1. At a normal rate of turnover the income to a large extent offsets credit losses.
- 2. It is a base upon which other constructive, cooperative movements can be started.
- 3. It makes those so-called 'untouchables' help pay their freight.
- 4. Because of the ever increasing burden of operating expense and taxation of business, every little bit of revenue helps, and when things get really tough again, will prove very acceptable.
- 5. It may help to stave off federal legislation such as is in effect in Canada today.

The war and taxes will bring people down to earth. It is now the essentials that really count, and it seems wise to use these occasional emergency periods to get business back down to earth, and also to decide issues on a basis of right or wrong. Interest on past due accounts is certainly as just a charge as any merchandise charge.

### BAROMETER

of Retail

### BUSINESS

### Sales and Collection Trends February, 1942, vs. February, 1941

Compiled by Research Division, National Retail Credit Association

### Arthur H. Hert, Research Director

REDIT SALES increased 2.3 per cent during February; total sales 8.6 per cent; and collections 2.7 per cent, in the United States and Canada, as compared with February, 1941. Government restrictions on installment credit affected credit sales during the past few months; however, total sales continue to improve as more money is put into circulation through defense work.

Highlights of the monthly analysis are shown in the tables below:

### Highlights for February

- 40 Cities reporting.
- 12,573 Retail stores represented.

#### COLLECTIONS

- 31 Cities reported increases.
- 2.7% Was the average increase for all cities.
- 15.0% Was the greatest increase (Toledo, Ohio).
  - 1 City reported no change (Ada, Okla.).
  - 8 Cities reported decreases.
- 10.0% Was the greatest decrease (Enid, Okla.).

#### CREDIT SALES

- 21 Cities reported increases.
- 2.3% Was the average increase for all cities.
- 27.5% Was the greatest increase (Dayton, Ohio).
  - 2 Cities reported no change.
  - 17 Cities reported decreases.
- 17.0% Was the greatest decrease (Muncie, Ind.).

#### TOTAL SALES

- 31 Cities reported increases.
- 8.6% Was the average increase for all cities.
- 31.0% Was the greatest increase (Dayton, Ohio).
  - 1 City reported no change (Ada, Okla.).
  - 8 Cities reported decreases.
- 7.0% Was the greatest decrease (Charlotte, N. C.).

## Meetings

## NEWS ITEMS

Personal and

### Please Note

The following is from the War Department, Adjutant General's Office, Washington, D. C.: "War conditions and constant movement of troops and personnel make it impracticable for this office to aid mercantile firms or individuals in the collection of personal indebtedness, or to furnish addresses in an effort to locate members of the military establishment who may be indebted to them, and the only suggestion that can be offered in this connection is that all due precautions be observed before credit is extended in any case involving officers or soldiers."—Bulletin, The Credit Bureau, Pittsburgh, Pa.

### Wm. Greenwood, Jr., in New Connection

Wm. Greenwood, Jr., formerly Manager of Credit Sales, Pomeroy's, Inc., Pottsville, Pa., is now Director of Accounts at Dey Brothers Department Store, Syracuse, New York. Mr. Greenwood was one of the organizers and a Past President of the Credit Grantors Association of Pottsville, Pennsylvania.

### District Six at St. Paul

The Sixth District annual credit conference was held February 15-17 at St. Paul, Minnesota. The officers and directors elected for this year are: President, Harry Wrenn, Nebraska Clothing Co., Omaha, Neb.; Vice-President, Ross Carrell, Thrift, Inc., Des Moines, Iowa; and Secretary-Treasurer, Joseph Owen, Miller & Payne, Lincoln, Neb. Directors: Harold Genser, Genser & Son, Ltd., Winnipeg, Canada; W. Pearl Winkley, Creamers, Cedar Rapids, Iowa; A. G. Nelson, Security National Bank, Sioux City, Iowa; G. A. Sandberg, Boutells Furniture Co., Minneapolis, Minn.; and Hazel Scharfbillig, Mortrude & Konenazy, Duluth, Minn. A picture of the banquet appears below.

### **Coming District Meetings**

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont and Quebec, Canada) will meet May 11, 12, 1942, at the New Ocean House, Swampscott, Mass.

District Two (New Jersey and New York) will meet April 26, 27, 28, 1942, Hotel Syracuse, Syracuse, New York.

Districts Three and Four (Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee) will meet April 13, 14, 15, 1942, in Knoxville, Tennessee.

District Eight (Texas) will meet May 17, 18 and 19, 1942, at the Rice Hotel, Houston, Texas.

District Nine (Colorado, New Mexico, Utah and Wyoming) will meet April 19, 20 and 21, 1942, Broadmoor Hotel, Colorado Springs, Colorado.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) will meet May 18 and 19, 1942, Seattle, Washington.

#### Sidney R. Baer Heads Salvage Committee

Sidney R. Baer, Vice-President and Treasurer, Stix, Baer and Fuller, St. Louis, and Chairman of the Salvage Committee of the State Council of Defense has organized a far-reaching program for salvage of scrap metal, old paper and other junk materials for war production. The program is being used as a model in other states.



### Recent Elections

New York City

James M. Malloy, Credit Manager, Abraham & Straus, Inc., Brooklyn, was elected President of the Associated Retail Credit Men of New York City, Inc., for the current year. L. H. Jacobs, Ovington's, was elected Vice-President. Directors elected and re-elected are: Frederick W. Dornhoefer, Franklin Simon & Co.; A. J. Kramer, Borden's Farm Products; H. C. Squires, Bloomingdale Bros.; Walter Strickland, Best & Co.; John M. Hilgert, Lord & Taylor; Walter E. Baab, Stern Bros.; and Charles J. Hunt, Hotel Savoy Plaza.

### Knoxville, Tennessee

The officers and directors of the Retail Credit Association of Knoxville, recently elected for the ensuing year, are: President, Norman F. Edwards, W. W. Woodruff Hdwe. Co.; First Vice-President, Joe G. Sullivan, Morris Plan Bank; Second Vice-President, L. M. Parry, Tennessee Mill & Mine Supply Co.; Third Vice-President, John I. Dale; and Secretary-Treasurer, A. C. Bittle, Retail Credit Association. Directors: James S. Bondurant, E. C. Newton, W. E. Robertson, Dewey D. Greybeal, F. N. Warwick, J. R. Weaver, and William D. Barton.

### Cleveland, Ohio

The annual meeting of the Cleveland Retail Credit Men's Company was held February 4, at which time the following officers were elected for the ensuing year: President, T. W. Walters, Morris Plan Bank; Vice-President, F. W. Walter, The Bailey Co.; Treasurer, J. G. Ost, The Cowell & Hubbard Co.; and Secretary, W. H. Gray, who begins his 26th term.

#### Wilmington, Delaware

The Associated Retail Credit Men of Wilmington, Delaware, elected the following officers for the year 1942: President, J. Richard Kendall, Jr., Warner Co.; Vice-President, Roy Dillon, Concord Lumber Co.; and Secretary-Treasurer, Jos. C. Brand, Wilmington Credit Bureau, Inc.

### Baltimore, Maryland

At the annual meeting of the Retail Credit Association of Baltimore, the following officers and directors were elected: President, J. Frank Eichelberger, The Hub; Vice-President, Vernon L. Belt, Pollack's; Treasurer, E. N. Bates, Mayers Department Stores; and Secretary, J. W. Mehling, Retail Merchants Credit Bureau. Directors: Vernon B. Bull, O'Neill & Co.; B. L. Kerr, Leon Levi; Arthur F. Luckey, Schleisner Co.; W. Vernon MacNeal, Hecht Brothers; H. Lee Muse, Cons. Elec. Light & Power; Clarence M. Willis, Hutzler Brothers; and L. W. Hilbert, Stewart & Co.

### San Francisco Credit Clinic

On April 13, 14, the credit executives of California will meet at the St. Francis Hotel, San Francisco, for a credit clinic to discuss urgent problems arising from war conditions. The conference is unique in that there will be no prepared talks, no entertainment, no committee reports or election of officers and no printed program or registration fee.

### Troy, New York, Now 100 Per Cent National

At their first meeting in January, the members of the Retail Credit Association of Troy, New York, voted to affiliate 100% with the National Retail Credit Association. Organized in 1937 with only 12 members, the Association has grown to a membership of over 40 retail credit granters. Shown in the picture are the officers of the Association. They are, from left to right: Vice-President, John McCormack, Union Home Furnishers;



President, Louis Toppall, Fashion Fur Shop; Secretary, Mrs. Elsie Quinlan, Williams Tire & Rubber Co.; and Treasurer, Samuel Clinton, The Peerless Co. The Directors are: William Sagarin, Denby's Stores Inc.; Justin E. Driscoll, W. & M. Gross Inc.; Clara E. Butcher, Muhlfelder Co. Inc.; Victoria Stutz, Credit Bureau of Troy; Frank J. Weber, J. M. Warren & Co.; Marion Wright, Broughton's-Roth Inc.; and Henry J. Gentile, Merchants Credit Bureau.

### Districts Five and Thirteen at Grand Rapids

The joint Conference of Districts Five and Thirteen was held at Grand Rapids, Mich., February 15-18. Following are the officers and directors elected for District Five: President, R. H. Laethem, Borden's Farm Products Company of Michigan, Detroit; Vice-President, Clyde C. Kortz, The Higbee Co., Cleveland; and Secretary-Treasurer, Harold J. Crouch, Kaufman-Straus Co., Louisville, Ky. Directors: Otto L. Pfau, the Strouss-Hirshberg Co., Youngstown; Floyd Redding, The J. W. Rowlands Co., Lima, Ohio; Walter Lawrence, Woods Auto Service, Battle Creek, Mich.; Theodore Muscott, Smith-Bridgman & Co., Flint, Mich.; Verona Black, Dime Savings Bank, Akron, Ohio; Roy Gale, The H. & S. Pogue Co., Cincinnati; and Martin DeWitt, Herpolsheimer's, Grand Rapids, Mich.

Following are the officers and directors elected for District Thirteen: President, Francis Moore, Wieboldt Co., Chicago; Vice-President, Lewis Skinner, Roberts Co., Indianapolis; and Secretary-Treasurer, Mrs. Harriet Jewell, Robertson Bros., South Bend. Directors, C. J. Berner, Wisconsin Electric Power Co., Milwaukee; L. J. Kramp, Springfield, Ill.; Oscar Spletter, C. Niss & Sons Inc., Milwaukee; and J. J. Lavengood, J. C. Proctor Lumber Co., Peoria. B. D. Fuchs, Block & Kuhl Co., Peoria, was re-elected National Director and Karl Haugen, Schlafer's Inc., Appleton, Wis., was elected Alternate National Director.

## February, 1942 The Collection

| DISTRICT                           | DE    |          |          | NT<br>Accour |         | RES    | DE     | PAR'l  |       |          | STOR   | ES         | W    | OME.   | N'S<br>STO | SPEC<br>RES | TALT                        | TY     |      | IRNI<br>(Instal |      |              |         | S     | EWEL     |
|------------------------------------|-------|----------|----------|--------------|---------|--------|--------|--------|-------|----------|--------|------------|------|--------|------------|-------------|-----------------------------|--------|------|-----------------|------|--------------|---------|-------|----------|
| AND                                |       | 1942     |          | 15           | 1941    |        |        | 1942   |       |          | 1941   |            |      | 1942   |            | In          | 1941                        |        |      | 1942            |      |              | 1941    |       |          |
| 5.1.                               | AV    | HL       | LO.      | AV.          | HL      | LO.    | AV.    | HL     | LO.   | AV.      | HL     | LO.        | AV.  | HL     | LO.        | AV.         | HI.                         | LÒ.    | AV.  | BIL             | LO.  | AV.          | HI.     | LO.   | A HL I   |
| Boston, Mass.                      | -     |          |          | 461          | 46.9    | 43.0   |        |        |       | 156      | 15.9   | 12.6       |      |        |            | 480         | 66 7                        | 404    |      |                 | _    |              |         |       |          |
| Lynn, Mass.                        | 52.8  | 57.0     | 43.5     | 47.2         | 50.2    | 43.8   | 423    | 44.8   | 39.8  | 49.0     | 49.8   | 483        |      |        |            |             |                             | -      | 17.0 | 22.9            | 13.8 | 15.0         | 225     | 124   |          |
| Springfield, Mass.                 | 56.2  | 61.2     | 52.3     | 54.5         | 60.3    | 48.7   | 18.0   | 18.8   | 17.2  | 136      | 15.4   | 11.8       |      | 68.9   |            |             | 56:3                        | -      |      |                 | -    |              |         |       |          |
| Worcester, Mass.*                  | -     |          |          | 466          | 46.8    | 449    | -      |        | -     | 19.0     | 22.6   | 15.4       |      |        |            | 412         | 420                         | 39.1   |      |                 | -    |              |         |       |          |
| Providence, R. I.                  | 44.7  | 51.0     | 418      | 44.0         | 515     | 42.9   |        | -      |       | -        |        | -          |      | 5.6.0  |            | 6           | -                           | -      |      |                 | -    | 7.2          | 115     | 2.9   |          |
| New York City                      |       | 55.4     |          |              |         | 39.7   |        |        |       |          |        | 13.4       | 42.3 |        |            | 42.5        |                             | 385    |      |                 | -    |              |         |       |          |
| Syracuse, N. Y.                    |       | 39.5     |          |              |         | 35.8   |        | 20.4   |       | 16.9     |        | 12.8       | 420  | 412    |            | 927         | 4.1.3                       | 755    |      | 0.0             |      |              | 2.7     |       |          |
| Pittaburgh, Pa.                    | 440   | 50.1     |          | 1            |         | 2 35.5 | 17.7   | 21.1   | 12.6  | 17.2     |        | 11.8       | 439  | 50.1   | 36.4       | 42.1        |                             | 33.3   |      | 9.8             |      | 0.3          | 5.7     | 20    | 04 719   |
| Reading, Pa.                       | -     | 61.0     | -        |              |         | 521    | 15.0   | 120    | (2)2  | 122      | 22.9   | 12.0       |      |        |            |             | 360                         |        |      | 110-            |      | 9.3          | 9.7     | 9.0   | . 11.6°  |
| Washington, D. C.                  | 39.1  | 464      | 35.6     | 1            |         | 1 333  | 16.9   | 17.2   | 13.2  | 133      |        | 2.0        |      |        |            | 70.4        | 42.0                        | 767    |      |                 |      |              |         |       |          |
| Baltimore, Md.                     | 67.   | 50       | 1 5 5 0  |              |         | 2 33.0 | 147    | 16.0   | 12.6  | 166      | 23.7   | 107        |      | 286    |            |             | 42.8                        |        |      | 12.6            |      |              | 8.7     |       |          |
| Huntington, W. Va.                 |       | 59 8     | -        |              |         | 300    |        | 16.0   |       | 12.7     |        | 11.5       | 110  | 28.6   |            |             | 38. J                       |        | 133  | 14.0            | 10 0 | 110          |         | 0.7   |          |
| Birmingham, Ala.                   | 42.1  | 470      | 38.0     | 1            |         | 30.0   | 10.0   | 226    | 10.0  | 1.       |        | 13.8       | 44.0 | 30.9   | 30.3       |             | 35.3                        |        | 12.3 | 14.0            | 14.0 |              | 10.6    |       |          |
| Atlanta, Ga                        | 400.0 | 413      | 201      | -            | +       | 35.0   | 200    | 1000   | 177   |          | 130    |            |      | 100    |            | 32.1        |                             |        |      |                 |      | 10.6         | 10.0    | 3.0   |          |
| Little Rock, Ark                   |       | 413      |          |              |         | 38.6   | 21.5   | 26.2   | 11.1  |          |        | 154        | 49.7 | 46.9   | 38.6       | 1000        | 44.4                        |        |      | 15.0            |      |              | 12.7    |       |          |
| Kansas City, Mo.<br>St. Louis, Mo. | 59.0  |          | 46.5     |              | 1717    | 45.2   | 22     | 181    | 18.8  | 15.7     |        | 13.5       | 48.7 |        |            | 42.1        | 52.9                        |        | 170  | 230             | 111  | 15.6         |         | 110   |          |
|                                    | 50.6  | -        | 4 100.00 | -            | 3 2 2 4 |        |        |        |       | The same |        | 14 4       |      |        | 35.0       | _           | 49.8                        |        | 11.0 | 120             |      |              | 14.3    |       |          |
| Louisville, Ky.                    | 54.0  |          | 43.7     |              |         | 2 41 E |        |        |       | 22.0     | 16.0   | 15.1       | 45.7 |        |            | -           | 512                         |        |      | 12.0            |      | 11.3         | 14.3    | 9.5   | 69.2     |
| Detroit, Mich.                     | 44.0  | 100      |          |              | 9 42    |        |        |        |       |          |        | 17.9       | 37.2 |        | 30.0       |             | 48.2                        |        | 17.4 | 212             | 125  | 166          | 212     | 120   | 4        |
| Grand Rapids, Mich.                | 49.8  |          | 459      |              |         | 8 44 4 |        |        |       | 1        | 231    | 128        |      |        | 348        | 100         | 495                         |        | -    |                 |      |              |         |       | 42 58.9  |
| Cleveland, O.                      | 51.6  |          | 8 460    |              |         | 1 43 5 |        | 254    |       | 1        |        | 17.7       |      | 443    |            |             |                             |        | 13.4 | 205             | 110  | 105          | 18 2    |       | 3: 39.3  |
| Columbus, O.                       |       |          |          | 411          |         |        |        |        |       | 130      |        | 12.3       |      |        |            |             | 501                         |        |      |                 |      | 100          | 40.0    |       |          |
| Toledo, O.                         | 39    | 8 59 0   | 38.7     | 407          | 1 49    |        | 1      | 23 6   | 14.4  | 16.8     | 226    | 13.0       | 401  | 430    | 400        | 425         | 43 2                        | 282    | -    |                 |      | -            |         |       | 04 191   |
| Youngstown, O.                     | 45.2  | 2 47     | 6 42 1   | 8 44         | 3 45    | 9 42 8 | 162    | 2 17.5 | 14.9  | 151      | 153    | 150        | -    |        |            | -           | 49.3                        |        | -    |                 |      | 17.7         | 24.1    | 135   | -        |
| Milwaukee, Wis.                    | 4.9.  | 3 50     | 48       | 6 468        | 8 49    | 2 44   | 1      | 249    |       | 236      | 23.7   | 227        |      | 30.0   |            | 46.0        | 50.0                        | 25.0   | -    | 16.5            |      | 1.1.8        | 131     |       | 35 45.3  |
| Cedar Rapids, Ia.                  | 590   | 60.1     | 0 44     | 5 53 (       | 56.     | 1 431  | 23     | 4 26.0 | 209   | 211      | 23.0   | 193        | -    | -      | 15-        | -           |                             |        |      | o salasah       | -    |              | - Sanga |       |          |
| Davenport, fa.                     | 46    | 49       | 6 42     | 6 50.2       | 2 51    | 0 49   | 16.0   | 17.1   | 15.0  | 15.0     | 15.9   | 14.2       | -    |        |            | -           |                             |        | -    | 214             |      | -            | 17.9    |       | 27.5     |
| Des Moines, la.                    | 42    | 9 46     | 4 39.    | 2 42         | 4 46    | 4 38 9 | -      | 15.0   |       |          | 10.6   |            | 43.0 | 55.0   | 40         | 430         | 57.2                        | 34.3   | -    |                 |      |              |         |       | -        |
| Sioux City, la.                    | 42.   | 0 48     | 4 39.    | 2 39         | 4 46    | 7 35.5 | 18.    | 3 21.2 | 166   | 152      | 2 193  | 15.1       | -    | 30.0   | 0          | -           | 35.0                        |        | -    | 19.8            |      |              |         |       | -        |
| Minneapolis, Minn                  | 62.   | 63.      | 5 61     | 5 60.        | 3 62    | 1 57.  | 3 20.  | 2 218  | 16.1  | 18.      | 3 20.4 | 15.2       | 61.  | 5 62   | 5 60 4     | 58.1        | 59.3                        | -569   | -    |                 |      |              |         |       | - 6.3    |
| St. Paul, Minn.                    | 49    |          |          | 2 51         |         | 9 410  | 23.    |        |       | 22       |        | 162        |      | 7 56   |            |             | 43.1                        |        | 1    |                 |      |              |         |       |          |
| Omaha, Neb.                        |       | 43.      |          | 4            | 40      |        | 1-     | 14.2   | _     | -        | 12.0   | -          | +    | 9 43!  |            | -           |                             | 40.0   | -    |                 | -    | 1=           | 1-      | 1=    |          |
| Tulsa, Okla-                       | 63.   |          |          |              |         | 7 49   |        | 6 318  | 13.   | 1        |        |            |      | 50.0   |            |             |                             | 45.0   |      |                 |      | -            |         | -     | 100      |
| San Antonio, Fex.                  | 40.   | 0 47.    | 5 33.    | 4 40         | 0 44    | 4 38   |        |        | _     | 10.0     | 12.0   | 9.0        | -    | 2 47.0 |            |             |                             | 34.0   |      | 12.8            | TILL |              | 10.5    | _     | - 19.6   |
| Denver, Colo.                      |       |          |          |              |         | 8 38.  |        | 2 18.9 |       |          |        | 511.3      |      | 6 44.  | 6 40.      | 6 418       | 44.8                        | 8 40.7 | 11.0 | 12.0            | 10.  | 9.           | 5 10.3  | 8.8   | - 14.2   |
| Salt Lake City, Utah               | 53.   |          |          | 1 531        |         | 1 47   | 3. 21. | 2 23   | 4 20. | 118      | 7 211  | 16.9       | -    |        |            |             |                             |        | -    |                 |      |              |         |       |          |
| Casper, Wyo.                       |       | 112      |          |              | 102     |        |        |        |       | 1=       | -      | 1-         | 1=   |        |            | 10          | -                           | 1      | _    | 15              | -    | -            | 1=      |       | 270      |
| Portland, Ore.                     |       |          |          |              |         | 4 37   |        |        |       |          |        |            |      |        |            |             |                             |        |      |                 |      | 1 -          |         |       | 20  23.1 |
| Spokane, Wash                      | 53.   | 0 55     | 9 50     | 2 44         | 4 49    | 1 39   | 12     | 3 13   | 5 11  | III      | 2 12.0 | T ATTENDED |      |        |            | 1 52 !      | STATE OF THE OWNER, OR WHEN |        |      |                 |      | <del> </del> | +-      |       | 30.5     |
| Los Angeles, Calif.                |       |          |          |              |         | 7 53.  |        | 2 23   |       |          |        |            |      |        |            | 1 49        |                             |        |      |                 |      | -            | -       |       |          |
| Oakland, Calif.                    |       |          |          |              |         | 3 41.  |        | 6 26   |       | 6 17     |        | 7 145      |      |        |            | 5 39 (      |                             |        |      | 22              | 1 -  | -            | 183     |       | -        |
| San Francisco, Calif               |       |          |          |              |         | 2 38   |        | 4 21.  | 2 14  | 1117     | 1 19.  | 3 13.2     |      |        |            |             |                             |        |      |                 |      | -            |         |       |          |
| Santa Barbara, Calif.              |       | - Inches | -        |              | -       | 6 37   | _      |        |       |          |        | 1          |      |        | -          | 7 43.       |                             |        | "    |                 |      | +            |         |       |          |
| Vancouver, B. C.                   | 73.   |          |          |              |         | 3 53   |        |        |       |          |        |            |      | 42     | 0 -        | -           | 35.                         | 0 -    | =    | 250             | ) -  | 119          | 0 23    | 0 150 | - 350    |
| 2 Victoria, B. C.                  | 75    | 0 79     | 6 71     | 0 60         | 63      | 6 56   | 523    | 5 29   | 3 11. | 23       | 9 26.  | 3 21.5     | 2    |        |            |             |                             |        | -    |                 |      | -            |         |       |          |
| Ottawa, Ont.                       | _     |          |          | -   -        |         |        | _      |        |       | -        |        |            | _    |        |            | _           |                             |        | -    |                 |      | -            |         |       |          |

<sup>•1942</sup> figures not received at press time •Installment

<sup>&</sup>lt;sup>1</sup>Furriers <sup>2</sup>Laundry

<sup>3</sup>Heating

<sup>6</sup>Paper and Paint

<sup>&</sup>lt;sup>8</sup>Cleaning and Dyeing <sup>10</sup>Artists' Supplies

## on Scoreboard February, 1941-

| EW | EL    | RY   | ST   | ORE    | 3     | ١    | MEN'   | s c<br>sto |                | HING   |        |       | SHO   | E S  | TORI     | ES       |      |       |        |      | CESSO<br>S AN |       |      |        | MISC              | ELL           | ANE                | ous           |             |
|----|-------|------|------|--------|-------|------|--------|------------|----------------|--------|--------|-------|-------|------|----------|----------|------|-------|--------|------|---------------|-------|------|--------|-------------------|---------------|--------------------|---------------|-------------|
|    | 12    |      |      | 1941   |       |      | 1942   |            |                | 1941   |        |       | 1942  |      |          | 1941     |      |       | 1942   |      |               | 941   |      |        | 942               |               |                    | 1941          |             |
|    | 1 1   | LO.  | AV.  | HI     | LO.   | A-V  | HL     | 1.0.       | AV.            | HI.    | LO.    | AV.   | HIL   | 1.0. | AV.      | HI.      | LO.  | AV.   | HI.    | 1.0. | AV.           | HI.   | LO.  | AV     | HI.               | Lo            | AV.                | HI.           | L           |
|    |       |      |      |        | . 7 . |      |        |            |                | 620    |        |       |       |      |          | 506      |      |       |        |      |               |       |      |        |                   |               | 69.0               | 79.4          | 67          |
|    |       |      |      | 598    | 3/0   |      |        |            |                | 53.0   |        |       |       |      |          | 58 6     |      |       | 54.2   |      |               | 39.0  |      | 6947   | 7787              | 6902          |                    | 78.27         |             |
|    | 8     |      |      | 258    |       |      | 47.0   |            |                | 45.0   |        |       | 61.2  |      |          | 65.2     |      |       | 24.2   |      |               | 39.0  |      |        | 690I              |               |                    | 6105          |             |
|    |       |      |      |        |       |      | 47.0   |            |                | 40.0   |        |       | 01.2  |      |          | 45.2     |      |       |        |      |               | 504   |      | 03.0   |                   | 31.0-         |                    | 890           |             |
|    |       |      |      |        |       |      | 412    |            |                | 421    | _      |       | 63.4  |      |          | 57.4     | _    |       |        |      |               |       |      | 55.5   | 78 Oct            | 3300          |                    | 68.0          |             |
|    |       |      |      |        |       | 45.4 |        | 45 D       | 423            |        | 383    |       |       |      |          |          |      |       | 66.7   |      |               | 69 B  |      | 65.5   | 78.6 <sup>T</sup> |               |                    | 76.2          | +-          |
|    |       |      |      |        |       |      | 70.0   |            | -              | -      | -      | -     | 39.0  |      | _        |          | _    |       | -      |      | -             |       |      |        | 590%              |               |                    | 65.0          |             |
|    | 9 5   | 550  | 552  | 59.5   | 510   | 439  | 501    | 36.4       | 42.7           | 48.2   | 35.5   | 549   |       | 439  | 528      | 58.8     | 46.8 |       |        |      |               |       | -    |        | 62.74             | _             |                    | 57.4          |             |
|    | 60    | _    |      | 12.9°  |       | 47.1 |        |            |                |        | 42.2   |       | 81.5  |      |          | 66.0     |      |       |        |      | _             |       | _    | 51.5   | 55.216            | 50.5⁵         | 423                | 57.2          |             |
|    |       | -    | _    | _      | -     |      |        | -          | _              | _      | _      | -     | _     | _    | _        | _        | _    |       | -      | _    |               |       | -    |        | 1,000             |               | -                  | _             |             |
|    |       | _    |      |        | -     | 2    |        |            | 40.8           | 50.2   | 35.0   | -     |       |      | 45.7     | 59.4     | 38.8 |       |        |      | -             |       | _    |        |                   |               | _                  |               |             |
|    |       | _    |      |        |       |      | 42.8   |            | -              | 32.3   |        |       |       |      | -        |          | _    |       |        |      | -             |       | _    | -      |                   |               | -                  |               |             |
|    | 3     |      |      | _      |       | 44.7 | 48.5   | 41.0       | 43.7           | 46.7   | 39.0   |       | _     | -    | -        | -        | _    | _     |        | -    | _             |       | -    | 71.714 | 93.914            | 60.019        | 56.614             | 68.2          | 44          |
|    |       | _    |      |        |       | -    |        |            |                |        | 33.5   | -     |       |      | 40.1     | 40.1     | 40.1 | -     |        |      | _             |       |      |        |                   |               | 50.21              | 502           | 7 5         |
|    |       | _    | _    | 23.0   | • _   | -    |        | -          | 1              | -      | _      | _     | -     | -    | -        | -        | -    | _     | -      | _    |               | -     | -    |        | 416               |               | 69.9               | 79.8          | r 6         |
|    |       |      |      | _      |       | 48.7 | 54.3   | 38.6       | 49.2           | 52.9   | 33.2   |       | 50.7  |      | -        | 44.0     | 2    | 74.5  | 74.6   | 74.3 | 70.1          | 73.4  | 66.8 | 66.7   | 87.514            | 30.55         | 58.8               | 96.0          | 42          |
|    |       |      | 519  | 52.8   | 51.0  | 39.5 | 42.0   | 37.0       | 37.9           | 39.6   | 35.3   | -     |       |      | -        | 49.0     | -    |       |        |      | -             |       |      | 64.5   | 6707              | 62.03         | 59.4               | 59.8          | 39 5        |
|    |       | 2    | -    |        | -     | _    | 35.5   | -          | 39.2           | 41.5   | 37.4   | _     | 47.0  | -    | -        | 45.0     |      | -     |        |      | 1-            |       | -    | 49.56  | 59.06             | 40.0€         | 42.8               | 44.0          | 64          |
|    | 2     |      |      | 70.3   |       | _    |        |            | _              |        |        | 57.9  | 61.0  | 52.5 | 56.5     | 58.0     | 53.7 |       |        |      | -             |       |      |        |                   |               |                    |               |             |
|    |       |      | _    |        |       | 55:4 | 70.5   | 44.6       | 55.9           | 69.0   | 44.4   | -     |       |      | -        |          |      | -     |        |      |               |       |      | 74.97  | 8907              | 53.07         | 70.6               | 860           |             |
|    |       | 385  | 58.4 | 59.9   | 56.9  | 42.3 | 49.0   | 35.6       | 45.9           | 46.0   | 45.8   | -     | 59.9  |      | 65.6     | 73.1     | 58.1 |       |        |      |               |       |      | 611    | 74.2              |               | 59.7               |               |             |
|    | 9.3   | 32.5 | 38:5 | 421    | 34.9  | 48.5 | 61.9   | 441        | 44.6           | 62.0   | 40.0   | -     |       |      | -        |          |      |       |        |      |               |       |      | 58.74  | 70.02             | 463           | 482                | 682           | <b>1</b> 53 |
|    |       |      | -    |        |       | 2_:  |        |            | 1 -            |        |        | -     |       |      |          |          |      |       |        |      |               |       |      | -      |                   |               |                    |               |             |
|    |       | 39.0 | 451  | 51.2   | 39.0  | 39.1 | 41.7   | 36.6       | 38.5           | 39.5   | 37.4   | -     |       |      | -        |          |      | -2    |        |      |               |       |      | 60.1   | 67.3              | 530           | 66.2               | 67.0          |             |
|    |       |      | -    |        |       | 46.0 | 48.0   | 39.4       | 44.3           | 3 49.8 | 43.2   | -     |       |      | -        |          |      | -     |        |      |               |       |      | -      |                   |               |                    |               |             |
|    | 5.3   | 25.4 | 41.5 | 50.0   | 33 0  | 44.6 | 49.8   | 39.5       | 39.3           | 3 43.6 | 35.0   | ·     | 50.7  | -    | 50.1     | 55.4     | 44.9 |       | _      | _    | _             | _     | _    | _      | 70.01             | -             | _                  | 56.0          | 4           |
|    |       |      | -    | -      | ·     | 58:4 | 61.1   | 55.€       | 46.            | 8 47.9 | 458    | -     | 66.0  | ) —  |          |          |      | I –   |        |      | _             |       |      | -      | 76 4              |               |                    |               |             |
|    |       |      | -    | 295    |       | -    | 53.0   |            | 47.7           | 1 51.1 | 8 43.7 | -     |       |      | -        |          |      | -     |        |      |               |       |      | -      | 650               |               | 61.0               | 62.0          |             |
|    |       |      |      |        |       | 41.8 | 44.7   | 38.9       | 39.7           | 42.    | 5 37.0 | -     | 54.0  |      | -        | 51.0     |      | -     |        |      |               |       |      | -      |                   |               |                    |               |             |
|    |       |      |      |        |       | -    | 41.6   |            |                | 40.0   | 0 —    | -     | 50.0  |      | -        | 50.0     |      | -     |        |      |               |       |      | -      |                   |               |                    |               |             |
|    |       |      |      | 15.5   |       | 48.6 |        |            |                |        | 7 40.9 |       | 68.0  |      | 62.1     | 71.0     | 53.2 | 38.4  | 1 56.5 | 20.  | 2 45.1        | 62.0  | 28.2 | 623    | 83.0              | 35.0          | 7 594              | 79.8          |             |
|    |       |      |      |        |       | 43.5 |        |            | 142            |        | 5 33.4 |       |       |      |          |          |      | -     |        |      |               |       |      |        |                   |               |                    |               |             |
|    |       | _    | 1:   |        |       | _    | 47.2   | _          | -              | 44.    | _      | 1=    |       | 1    | 1        |          | _    | 1     |        |      | 1             | _     | _    | _      | 4 =               | -             | +=                 | -             | 4           |
|    |       |      | -    | -      |       | 47.7 |        |            | 0 44.          |        | 3 35.  | 2 -   | -     | , -  | -        |          |      | -     |        |      |               |       |      | 1.     |                   |               |                    |               |             |
|    | 9.6°  | -    | -    | 17.0   | -     | -    | 45.6   | +          | <del>  =</del> | 42     | _      | +=    | 50.9  | -    | +=       | 50.4     | +    | +     |        |      | -             | -     | -    | -      | +=                | -             | +=                 |               | -           |
|    | 4.2   |      | -    | 11.6   | -     | 42.6 | 6 44.6 | 5 40.      | 6 43.          | 3 44.  | 8 41.8 | 3     | 42.   | 2 -  | -        | 41.2     |      | -     | 14.    | 4 -  |               |       |      | -      | 610               |               |                    | 71.0          | 5           |
|    |       |      | -    | -      |       | 1    | _      |            | -              | -      | _      | _     |       |      | -        | -        | _    | -     |        |      |               |       |      | -      | -                 |               |                    |               |             |
|    | 7.0°  | 1=   | -    | 27.0   |       |      | 60.5   | 45.        | 0 40           | 0 49.  | 0 31.0 | 1 -   | 66.   | 0 -  | +-       | 65.0     | 1 -  | -     |        | -    | +-            | +=    |      | +      | 77.0              | 1-            | +=                 | 59.0          | 15          |
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16Hardware

14Stationery, Office Supplies 17 Music IN--INTHE UNITED STATES AND CANADA--CONTRIBUTE THESE FIGURES MONTHLY

13Grocery

yeing

25Dental Supplies

18Dairy

19Drugs

### A Businessman

### Looks



### at Credit

P. H. Carr

President, Carr, Dolan & Hahn, Inc. Minneapolis, Minn.

Y SUBJECT might better be called, "A Few Fundamentals of Credit that We Sometimes Forget." There are a few things, while they are elementary, that should be brought to our attention occasionally.

Credit, in its broad sense, is both a result of and a promoter of civilization; hence, it has developed as civilization has developed. It came into being as a medium of exchange when the material medium of exchange (money) was found inadequate to a free bartering and exchange of goods and service. Thus it began to take the place of money in the transaction of business. As business increased, the insufficiency of money as a medium of exchange became more and more apparent and credit assumed an increasingly important place as a medium of exchange, until today all but a very minor portion of the world's business is transacted through its use.

### Importance of Retail Credit

Credit cannot be weighed nor measured as a material substance, yet it is equally as capable and more responsible for the advancement of business and civilization than capital. It is an invention that takes the place of and overcomes the limitations of capital. So important has it become that its elimination would prove the greatest disaster that has yet occurred. Eliminate credit and substitute cash payment and the world's trade would come to a standstill. Industry and enterprise could not exist. Suffering, death and a relapse of men into a state of semi-savagery would follow. Therefore, the suggestion of well-meaning but ill-informed persons to abolish credit in order to restrict prodigality and speculation could not be considered seriously for the result would be social and commercial chaos. Although credit has become the very lifeblood of commerce and its influence touches nearly every phase of life, it is so well regulated that it is regarded as commonplace.

The first kind of credit was, of course, individual credit. To satisfy personal desires, borrowing or obtaining present possession with a promise of future payment arose. Later as the purpose of business changed from

making a living to making a profit, other forms of credit, namely, banking and commercial, were evolved. Individual credit, although the oldest in form, was the last to adopt systematic organization and procedure and in this process of systematic organization for individual credit many perplexing questions naturally arose and ideas and practices have evolved that our ancestors would have considered revolutionary in the extreme.

In the earlier days it was a problem to produce sufficient goods for waiting buyers. Up to the present time, our problem has been to sell enough goods at low enough prices to maintain large scale production and extensive operations in highly competitive markets. If the business of the United States was to continue its rapid development, and if the demands of forced production in order to keep our people employed and continually consuming our products were to be met, a means of making easy purchase and consumption had to be found. characteristic American ingenuity, which has never failed to rise to the demands of a crisis, the extensive use of retail credit was brought about. Born of necessity, it has not only met the needs of its original purpose, but has given an additional impetus to our commercial life, and is now regarded as one of the links in the chain of progressive steps that has made the scale of living conditions in America the envy of the world.

### **Curtailment of Retail Credit**

We have often been called a prodigal nation and yet analysis will show that this very prodigality has made us the richest nation in the world. Consider if the people of America should today decide to become frugal, saving and parsimonious, buying only the things for which they paid cash and that were absolute necessities, what would become of the merchandise we are producing?

We would immediately have a surplus of all luxuries. Production of them would cease. People employed in their production would be thrown out of employment and naturally more and more of them would drift into the producing of necessities. This, in turn, would produce a surplus of necessities causing again additional

unemployment, lack of money, business chaos, and a rapid decline to the level of, or even lower than, more seemingly prudent nations.

The extensive use of retail credit did not happen overnight either. There were many difficulties to overcome. The worthiness of an individual in the early days of retail credit was gauged principally by his possession of tangible assets, and real estate was then regarded as about the only tangible asset. If one had a parcel of real estate in his name, his credit was almost unlimited, his patronage very much sought, and accounts were permitted to run for unbelievable periods.

The fallacy of this manner of reasoning was finally recognized and merchants began to base their credit extension on the desirability of an applicant as to character, ability to pay and habit of paying. This brought about a consideration of the desirability of cooperation between merchants and the necessity for having available collective personal experiences on users of credit.

The results obtained from exchange of ledger information, rating of customers and the like have been so wonderful that it is disheartening to realize that we are not obtaining the full benefits that are procurable by complete and wholehearted cooperation. Although that word is much abused, it has proved the answer to nearly all of our questions as they arise. For instance, the question of competition in credit terms. It is a question that was bound to come up in every community where credit was used as a stimulus for business, and it is one that has happily been answered by limits that good business

out serious consequences.

If, through the continual advertising of additional dating, stores persisted in using credit as a salable commodity, they would eventually be competing in terms, the only result of which would be the lowering of credit standards generally to meet this competition. This, when accomplished, would be an advantage to no one and an additional burdensome expense to all. It would simply encourage consumers to overbuy, resulting in a pyramiding of purchases and spreading of payments in excess of their ability to pay in the event of any sort of financial reverses or other form of curtailment in earning

or the government has forced or will force upon us with-

So long as retail credit is used as a valuable and important channel for doing business, rather than as a salable commodity, it will prove a tremendous benefit to the nation as it has stimulated manufacturing, increased the requirements for labor, and placed the employed in position to buy more, thus increasing consumption with a relative increase in production.

Let us see how competition in terms really works out in practice. Several years ago, in a large eastern city, one of the leading department stores advertised that merchandise purchased during the week preceding Christmas would be billed as January purchases, payable in February. This seemed to give that particular store a considerable advantage and an increase in business resulted. However, when the next Christmas season rolled around, practically all of the stores advertised the same extension of terms. The result was that nobody had an advantage and yet they had saddled themselves with the additional burden of carrying their pre-Christmas business an extra month. They readily saw their mistake when they left the path of cooperation, and agreed to discontinue that practice.

The same thing would result if one or several merchants advertised the giving of sixty-day terms on thirtyday accounts. Immediately competitors would follow and perhaps some of them would advertise ninety days. Then, in a short time all merchants would be giving ninety days, and there would be no advantage to anyone, but a great disadvantage to all. In the past few years we have passed through a period of real competition, with costs of doing business constantly mounting, and net profits increasingly difficult to maintain. It was a time when expense items were receiving careful scrutiny. We must admit that the expense of carrying past-due accounts, small as it may be, finds its way into the price of merchandise, and in distributing this expense on our present basis

> it is borne equally by cash customers and those who pay promptly. This is obviously

unfair.

Now, the same reasoning cannot be applied to the carrying of thirty-day accounts. That theory has proved itself false in numerous researches because the profit from the additional volume of business made possible by thirty-day accounts more than offsets the expense of carrying these accounts. But the carrying of past-due accounts is a horse of a different color. After all, these accounts are a very small percentage of our charge volume, and the profits from the actual

volume that contribute toward delinquent accounts would not offset the expense connected with handling them.

There is nothing complex about the handling of charge accounts. We make our accounts receivable problems complicated by being a bit too grasping for additional sales, by accepting accounts that cannot possibly pay a profit, and by extending terms that eat up the profit that there otherwise might be on sales.

A survey made by Dr. Clyde William Phelps, head of the Department of Economics of the University of Chattanooga, brought out some very interesting facts about retail charge accounts. His analysis of all available data from government and private sources indicates:

1. The American retailer loses far more from slow accounts than from bad debts.

2. Costs associated with slow accounts constitute the most important item in the total cost of doing a credit business.

3. Costs caused by slow accounts can be practically eliminated, by retailers acting either independently or collectively. with a resultant increase in business volume and profits.

The reasons for these findings are somewhat as follows:

a. Carrying slow accounts increases the amounts that must be charged off as bad debts. By carrying slow accounts, we mean the practice of continuing to sell on credit to a customer who has not paid his bill at the end of a reasonable credit period, say 30 to 60 days, or 30-60-90 day split payments. This practice tends to increase the amount of the account which finally goes bad.

b. When you tolerate slow accounts, you allow so many months' time that such people increase the amounts they owe you before you definitely discover that they

will not pay.



c. Carrying slow accounts increases the number of bad debts. That slow accounts increase bad debt losses is shown by the fact that the older accounts get, the fewer are those which pay up and the smaller is the

amount you finally collect.

d. Slow accounts increase the number of bad debts beget into temporary financial difficulties, become un-employed, fall prey to sickness, be drafted in the army, and so on, before they get around to thinking about paying you.

Here is something for you to ponder and something which demonstrates a point very clearly:

e. If you are making 5 per cent net profit on sales, then it will take the \$100 you made on \$2,000 worth of good business to offset the \$100 you lose as a result of allowing a slow account to cause an excess bad debt loss of that amount. In order to get \$100 more sales volume by taking or carrying a slow account, you risk the net profit from \$2,000 worth of good business. You are taking a 20 to 1 chance.

f. If you are making 10 per cent net profit on sales, you

would risk the entire net profit from \$1,000 worth of cash and promptly paid charge business, for the sake of the \$100 of sales volume of the bad debt account. You would be taking a 10 to 1 gamble.

g. Bad debts are a low percentage of the total business, but interest paid out to carry slow accounts, and collection procedure to induce payment are sizable items of the overhead expense.

h. It costs something to collect money. Outstandings on charge accounts just don't come in without causing you some expense. You have to get them in.

 Promptly paid charge accounts require only one unit of collection expense. In the case of the promptly paid charge account, collection is made within the month, in response to the mailing of your statement. You obtain the amount due by putting out what may be called just one unit of collection expense. to say, the expense of preparing and mailing one

Moderately slow accounts require several units of collection expense. When accounts are not paid upon receipt of statement, but run fer 60, 90, or 120 days receipt of statement, but run fer 60, 90, or 120 days or more, you must repeatedly attempt to collect. (If you don't, you are likely to have a bad debt and never

get the money.) And your collection expense mounts. k. In seriously slow accounts, the collection expense wipes out all net profit and sometimes produces loss. Collection expense caused by a slow account doubles, triples, quadruples, and so on, as second, third, fourth, and subsequent attempts are made to get the money while accounts become 60, 90, 120 days slow and still slower.

1. Extra collection expense is just one of the hidden losses of slow accounts. But if, like many retailers,

you are making only a moderate net profit of \$2.50 to \$5.00 on \$50.00 worth of sales, it is easy to see how extra collection expense alone can wipe out all your net profit on slow accounts.

And a large part of this extra expense is absolutely unnecessary. Your slow accounts will no longer be unnecessary. Your slow accounts will no longer be slow when they know they must pay their bills in 30 days or 60 days before they can charge additional merchandise.

### Loss on Slow Accounts

However, the principal loss on slow accounts is that of interest from accounts carried too long, rather than the loss from those you charge off as uncollectible.

m. If the charge customer pays 30 days after buying, on the money you invested in the goods. If he does not pay you until 90 days after buying, he has made you pay interest for only one month on the money you invested in the goods. If he does not pay you until 90 days after buying, he has made you pay interest for three months on the money tied up in the goods he bought. It has cost you three times as much interest to serve him.

n. Suppose you sell about \$10,000 a month to charge customers. Now, if you get your customers to pay you within 30 days, you won't have more than \$10,000 within 30 days, you won't have more than \$10,000 tied up in outstanding charge accounts at any one time. Your interest cost at 6 per cent on this investment in charge accounts is \$600 per year. But, if you let your customers run slow and pay you in 90 days, you will have \$30,000 tied up in outstanding charge accounts at all times. The interest on this at 6 per

cent will cost you \$1,800 per year, three times as much as when customers pay promptly. Thus, slow accounts would cause you an extra expense for interest of \$1,200 a year. You could save this money (which amounts to 1 per cent on your \$120,000 annual sales) by educating slow accounts to pay promptly.

o. If you pay 6 per cent when you borrow that means you pay at the rate of one-half of 1 per cent per month. For four months then, it would cost you 2

per cent.

If, as in the case of many retailers, you are making only about 5 per cent net profit on sales, you can see how extra interest costs on slow accounts eat up profit in a short time. For example, if a customer is four months overdue, it has cost you 2 per cent extra in interest to carry the account and the expected 5 per cent net profit on his business is reduced to 3 per cent. Of course, your net profit on slow accounts disappears much faster than this because extra interest expense is only one of the hidden losses which are busy eating up the profit on a slow account.

These are just a few of the outstanding indications that slow accounts, or extending terms beyond normal, are expensive and unprofitable. There is just one other factor that I want to cite to prove that a strict collection policy is profitable.

p. It is a common experience that when an account is allowed to become slow, the customer often stops tradallowed to become slow, the customer often stops trading at your store or shop and goes elsewhere to buy his current needs. He may pay his new source of supply promptly if this is necessary, but he leaves you "holding the bag" and trying to collect his old account. Seventy-one per cent of the retailers reporting in a survey made by Retail Ledger stated that stores lose business by allowing slow accounts, because "customers embarrased by their overdue accounts make cash and embarrassed by their overdue accounts make cash and charge purchases in other stores."

Yet many retailers permit some customers to be slowpay, thinking erroneously that they get more business

q. If you are easygoing, letting charge customers "take their time" and pay slowly, you cannot help but lose a good many customers. Because sooner or later you are forced to hound and threaten some of them for payment. Maybe you think that they should not feel they are hounded and threatened, but they do feel that they are hounded and threatened, but they do feel that way. Why? Because they know you have no definite policy. They know that if they take "a little extra time" you will still be a good fellow. But what some customers think is just a little extra time becomes what you know is far too long a time, and so at last you are forced to "crack down," and, naturally, they were years and so.

naturally, they get very angry.
r. But slow account policies do not have to result in actually hounding or threatening the customer in order to lose business. Many customers are lost, because of a slight misunderstanding over credit terms, after you have reminded them a few times and have applied only a very gentle collection pressure. They quit you long before you have arrived at the stage of threatening or hounding them.

s. Misunderstandings are inevitable when a retailer follows a policy of carrying slow accounts. This is be-cause such a retailer thinks to himself, "I hope he pays promptly, but if he pays in several months it will be all right with me. However, if he takes as much as six months, I will have to start drastic action. Of course, I cannot tell him definitely that he can take six months and not any longer, because that might keep him from paying promptly." Consequently, cus-tomers do not know for certain just exactly how long a time they can take in paying their bills.

t. The remedy for all these difficulties is simple.

adopt a definite policy of not adding further charges to accounts that are not paid at the end of a reasonable

period.

Though the major portion of this article has been elementary, it is believed that emphasis on the fundamentals of retail credit granting is stimulating at all times, not only to the younger credit executives, but also to some of the seasoned and experienced heads of the retail credit fraternity.



## For Your Defense

HE ADVENT OF A GREAT WAR always brings about numerous changes and problems. One of the most troublesome problems confronting credit departments today is that of continuous changes in personnel. Credit executives who need to train new employees will do well to investigate the opportunities available for this purpose.

There is no better way to speed up the competency of your employees than to join with other credit granters in the organization of a Credit School in your city. The war and its consequent changes need not affect the efficiency of your office, if you give these newcomers a chance to do a better job for you.

DEFEND YOURSELF against inexperienced employees RIGHT NOW by organizing and conducting a Credit School in your city sponsored by the National Retail Credit Association. If you have already conducted a Credit School, start another one. There are always newcomers in credit work who need to attend such a school.

One of our educational courses outlines the fundamentals of retail credit. It is based on the text and reference book, "Retail Credit Fundamentals," written exclusively for us by Dr. Clyde W. Phelps of the University of Chattanooga. The second course deals with the writing of better credit letters and is based on the book, "Streamlined Letters," by Waldo J. Marra, of the Bank of America, San Francisco.

The fact that 192 cities in the United States and Canada have conducted our two educational courses, and the majority have repeated either or both several times, testifies to their well-merited success. Over 15,000 of both books are now being used for text and reference purposes and the demand is unlimited. Due to the unusual interest in our educational program, we are preparing a new course on Credit Management.

\* \* \*

To learn more about our Credit School Plan, write the National Office today for a free brochure which explains how to organize and conduct a School based on these two splendid educational courses.

### NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING

ST. LOUIS, MO.

### Amendment No. 3 and Interpretations of

## INSTALMENT REGULATION OF FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects, and these changes shall become effective March 23, 1942, except that the change in Part 3(b) of the Supplement shall not become effective until April 1, 1942.

1. Section 3(b) is amended to read as follows:

(b) General License.—Whenever this regulation is amended so that any person who was not formerly subject to section 3(a) becomes subject thereto, such person is hereby granted a general license; but such general license shall terminate at the end of the second full calendar month after the month in which the amendment becomes effective unless such person has registered, in the manner provided in section 3(c), before such termination. Any person whose license is not suspended may become licensed by registering in the manner provided in section 3(c).

2. Section 4(f) is amended by adding the following new paragraph at the end thereof:

The Registrant may disregard the requirements of this section 4(f) in the case of any article listed in Group A, B, C or D on which the down payment required by section 4(a) would be \$2.00 or less, or in the case of any article included in Group E of which the bona fide cash purchase price, as defined in the Supplement, does not exceed \$20.00.

3. Section 5(d) is amended by changing the words "On and after January 1, 1942, no Registrant" at the beginning of the section to "No Registrant," and by striking out the next to last sentence of the section.

4. Section 6(e) is amended so that clause (1) thereof will read as follows:

 to finance the purchase of aircraft for use in any activity in respect of which a preference rating of A-10 or higher is in force for deliveries of civil aircraft;

5. Section 6(j) is stricken out and the following new provision is substituted therefor:

(j) Any extension of instalment loan credit made by the Disaster Loan Corporation.

6. The first sentence of section 6(k) is amended to read as follows, and the number (2) in the second sentence of the section is changed to (3):

Any extension of instalment loan credit which is made to a person engaged in agriculture, or to a cooperative association of such persons, provided that the extension of instalment loan credit (1) is made by the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation and is found, pursuant to regulations issued by the Commissioner, to be necessary to maintain or increase production of essential agricultural commodities, or (2) is approved by the Farm Security Administrator, or his authorized agent, as being necessary for the rehabilitation of a needy farm family, or (3) is for general agricultural purposes and is not for the purpose of purchasing any listed article and not secured by any listed article purchased within 45 days before the extension of credit.

7. The following footnote is added to section 8(a), and the footnote reference is inserted after the word "credit" immediately before the proviso of the section:

4If there should be any arrearage which does not arise out of any prearrangement or plan to evade this regulation, the arrearage may be divided equally among and added to the remaining payments scheduled for the liquidation of the credit to which such arrearage relates. This applies



to any renewal, revision or consolidation effected in accordance with any provision of Section 8.

8. Option 1 in section 8(b) is amended to read as follows:

Option 1. The terms of the consolidated obligation shall be such as would have been necessary to meet the requirements of this regulation if the several obligations had not been consolidated: Provided, That, in order to schedule payments at approximately equal intervals,

ments at approximately equal intervals, the consolidated obligation may combine payments that would otherwise have fallen due at different times within any monthly period, but the first of such combined payments shall fall due within one month after such consolidation; or

9. Section 8(d) is amended by striking out the last sentence thereof.

10. Section 9(d) is amended by adding the following new paragraph at the end thereof:

Whenever this regulation is amended to add any article to the listed articles specified in the Supplement, the amendment shall not apply with respect to the carrying out of any valid contract made prior to the effective date of the amendment; but any renewal, revision or consolidation of any such obligation shall be subject to the requirements of section 8, and for the purposes of section 8(a) the terms of repayment "permitted in the first instance" for such an obligation shall be deemed to be those applicable to such an extension of credit under such amendment.

11. The part of section 10 after the heading is amended to read as follows:

This regulation became effective in its original form September 1, 1941; Amendment No. 1 became effective September 20, 1941; Amendment No. 2 became effective December 1, 1941; and Amendment No. 3 shall become effective March 23, 1942, except that the change made in Part 3 of the Supplement by Amendment No. 3 shall not become effective until April 1, 1942.

12. The Supplement is amended to read as follows:

### SUPPLEMENT TO REGULATION W

Part 1. Listed Articles, Maximum Maturities, and Maximum Credit Values.—For the purposes of the regulation the following maximum maturities and maximum credit values shall apply to the following list of articles:

| Articles of Consumers' Durable Goods (Whether New or Used)  | Maximun<br>Maturity<br>in Months | per cent of                           |
|---|----------------------------------|---------------------------------------|
| Group A   |                                  |                                       |
| Automobiles (passenger cars designed for the purpose of transporting less than 10 passengers, including taxicabs)     Motorcycles (two or three-wheel motor vehicles, including motor bicycles) | 15                               | (See Part 3<br>of this<br>Supplement) |
| Group B   |                                  |                                       |
| <ol> <li>Aircraft (including gliders)</li> <li>Power driven boats, and motors designed for use therein, other than boats or motors designed</li> </ol>  |                                  | 66%                                   |
| specifically for commercial use   |                                  | 66%                                   |
| 3. Outboard boat motors   | 15                               | 66%                                   |
| *4. Bicycles  | 15                               | 66%                                   |

\*Added by Amendment No. 3, effective March 23, 1942.

| Articles of Consumers' Durable Goods  | Maximum<br>Maturity            | Maximum<br>Credit<br>Value in<br>per cent of |
|---|--------------------------------|--|
| (Whether New or Used) Group C   | in Months                      | Basis Price                                  |
| 1. Mechanical refrigerators of less<br>than 12 cubic feet rated   |                                |  |
| capacity  | 15                             | 66%  |
| household use3. Ironers designed for household  | 15                             | 66%  |
| 4. Suction cleaners designed for  | 15                             | 66%  |
| household use   | 15                             | 66%  |
| signed for household use<br>6. Heating stoves and space heaters   | 15                             | 80   |
| designed for household use 7. Electric dishwashers designed for   | 15                             | 80   |
| household use<br>8. Room-unit air conditioners  | 15<br>15                       | 66 <del>%</del><br>66 <del>%</del>           |
| 9. Sewing machines designed for household use   | 15                             | 66%  |
| 10. Radio receiving sets, phonographs,<br>or combinations   | 15                             | 66%  |
| 11. Musical instruments composed principally of metals  | 15                             | 66%  |
| *12. Lawn mowers, mower-type edges<br>and trimmers (whether or not  |                                |  |
| *13. Silverware (flatware and hollow  | 15                             | 66%  |
| ware, whether solid or plated) *14. Clocks, electric or other, designed for household or personal use   |                                | 66%  |
| and watches  *15. Motion picture cameras, projectors, and lenses designed for film gauges less than 35 mm.  | . 15                           | 80   |
| still cameras, projectors, lenses<br>and shutters, and enlargers  | 3                              | 66%  |
| 1. Household furnaces and heating<br>units for furnaces (including<br>oil burners, gas conversion burn  | 3                              | 20   |
| ers, and stokers)   | in .                           | 80.<br>80                                    |
| hold use  3. Water pumps designed for house   | 18                             | 80   |
| 4. Plumbing and sanitary fixture<br>designed for household use  | B                              | 80   |
| 5. Home air conditioning systems _  |                                | 66%  |
| 6. Attic ventilating fans 7. New household furniture (including ice refrigerators, be springs, and mattresses but excluding floor coverings, wal coverings, draperies, and be   | 15<br>d                        | 66%  |
| coverings)1<br>8. Pianos and household electri  | . 15                           | 90   |
| organs  *9. Floor coverings (including fabriand linoleum type rugs, carpet mats, and other floor coverin materials, whether or not do   | 18 ic s, g                     | 90   |
| signed to be affixed to the floor   | ) 15                           | 80   |
| Group E   |                                |  |
| 1. Materials and services (other that materials, whether or not do signed for household use, which are of the kinds listed in Groun C or D) in connection with repairs, alterations, or improvements upon urban, suburban arrural real property in connection with existing structure (other than a structure, or distinct part thereof, which, so repaired, altered or improve is designed exclusively for no residential use), provided the | e- c- c- c- c- c- a a a d , n- |  |
| deferred balance does not e   |                                | No limitation                                |

Part 2. Basis Price of Listed Articles Other Than Those in Group A.—The basis price of any listed article, other than an automobile or other article listed in Group A, shall be the bona fide cash purchase price of the article and accessories purchased minus the amount of any allowance made by the seller for any article traded in by the purchaser (including as such a trade in anything which the seller buys or arranges to have bought from the purchaser at or about the time of the purchase of the listed article).

Part 3. Maximum Credit Value of Automobiles and Motorcycles.-For the purpose of the regulation:

(a) The maximum credit value of a new automobile or a new or used motorcycle shall be 66% per cent of the bona fide cash purchase price.

(b) †The maximum credit value of a used automobile shall be 66% per cent of whichever is the lower of the following two figures:

(1) the bona fide cash purchase price; or (2) the "appraisal guide value" plus any applicable sales taxes.

"Appraisal guide value" means the estimated average re-"Appraisal guide value" means the estimated average retail value as stated in such edition of any regularly published automobile appraisal guide as the Board may designate for this purpose for use in the territory in which such used automobile is sold. Information as to the guide or guides designated for any given territory may be obtained from any Federal Reserve Bank or branch.

Part 4. Cash Purchase Price.—For the purposes of the

Supplement:

(a) The bona fide cash purchase price of an article includes that of any accessories, and it also includes any applicable sales taxes and any bona fide delivery and installation charges;

(b) In the case of any article or accessory for which the Federal price authorities have prescribed a maximum retail price, the maximum credit value shall in no event exceed that resulting from a bona fide cash purchase price equal to the total of such maximum retail price and any applicable sales taxes not included therein.

Part 5. Instalment Loan Credit Subject to Section 5(b) of the Regulation.-The maximum maturity of any extension of instalment loan credit of \$1,500 or less subject to section 5(b) of the Regulation shall be 15 months.

#### Interpretations

The following additional interpretations of Regulation W relating to the extension of instalment credit have been issued by the Board of Governors of the Federal Reserve System:

117. BUILDING SEPARATE NEW STRUC-TURE-Group E-Inquiries have been received as to the application of Regulation W to loans of \$1,000 or less for the purpose of constructing new farm buildings, such as barns, silos, poultry houses and the like, on property where there are existing buildings, such as a farm house. The question is whether or not the materials and services used in such construction are included in Group E-1 of the Supplement.

The Board has ruled that the building of a completely new structure is not a repair, alteration, or improvement in connection with existing structures and the materials and services would not be in Group E-1.

118. CREDIT EXTENDED TO RETIRE IN-STALMENT INDEBTEDNESS HELD ELSE-WHERE-The Board has been asked whether, in view of the provisions of Sections 8(a), (b) and (c) of Regulation W, a Registrant "taking over an extension of instalment credit that has been made by a vendor and that has no connection whatever with the sale of a listed article, must be bound by the terms granted by that vendor."

(Turn to "Regulation W," page 26.)

An article is not new if it has been used by a consumer.

<sup>†</sup>This provision is effective on and after April 1, 1942. Prior to that date the maximum credit value of a used automobile shall be 66% per cent of the bona fide cash purchase price.

## Streamlined

## Advertising



### MATS IN TWO SIZES

There are 17 ads in the new Streamlined series which include 14 Pay Promptly and 3 Returned Goods ads. These come complete, in mats ready to hand to your newspaper in two popular sizes:

6 x 9 in. \$1.50 each 4 x 6 in. \$1.25 each

Advertisement No. 3 (in 4" x 6" size) is shown at left—actual size.

Size 8" x 12" (one-fourth of the ordinary newspaper page) may be obtained by giving several days' advance notice. Price \$2.00 each.

Write the National Office for 
"A Portfolio of STREAMLINED Pay Promptly Advertising"

### NATIONAL RETAIL CREDIT ASSOCIATION SHELL BUILDING ST. LOUIS, MISSOURI

### New Membership Progress

"25,000 Club" ★ ★ New National Members by Cities and Districts ★ ★ Drive Now in Final Stages ★ ★ Membership Blank ★ ★



Get a New Member

### **New National Members**

Wichita, Pittsburgh, New York City and Philadelphia continue to lead the nation in our annual membership campaign in the order given below. Local Units reporting ten or more new members from the period of June 1, 1941 to March 30, 1942

| *Wichita, Kan.               | 173 |
|------------------------------|-----|
| Pittsburgh, Pa.              | 114 |
| New York City                | 82  |
|                              | 60  |
| Philadelphia, Pa.            | 49  |
| St. Louis, Mo. Tacoma, Wash. | 47  |
| Tacoma, Wash.                |     |
| Portland, Ore.               | 44  |
| Oakland, Calif.              | 36  |
| *Troy, N. Y                  | 33  |
| *Waterloo, Ia.               | 29  |
| Washington, D. C.            | 28  |
| Los Angeles, Calif.          | 25  |
| Denver, Colo.                | 25  |
| *Peoria, Ill.                | 25  |
| San Francisco, Calif.        | 24  |
| Des Moines, Ia.              | 24  |
| Kansas City, Mo.             | 21  |
| Nashville, Tenn.             | 19  |
| *Columbus, Ga.               | 18  |
| New Orleans, La.             | 18  |
| Baltimore, Md.               | 18  |
| Butte, Mont.                 | 17  |
| *Nyack, N. Y                 | 17  |
| Bremerton, Wash.             | 17  |
| Memphis, Tenn.               | 16  |
| Springfield, Mass.           |     |
| Providence, R. I.            | 14  |
|                              | 14  |
| Spokane, Wash                | 14  |
|                              |     |
| Chattanooga, Tenn.           | 11  |
| Phoenix, Ariz.               |     |
| Knoxville, Tenn.             | 11  |
| Houston, Tex.                | 11  |
| *Ames, Ia                    | 10  |
| Lincoln, Neb.                | 10  |
|                              |     |

\*New National Units

|   | <br> |   | <br> | <br>  | <br> |             | <br> |      | <br> | _ |
|---|------|---|------|-------|------|-------------|------|------|------|---|
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|   | <br> |   | <br> | <br>  | <br> | the sale of | <br> | <br> | <br> |   |
|   | <br> |   | <br> | <br>  | <br> | -           | <br> | <br> | <br> |   |
|   | <br> | - | <br> | <br>  | <br> |             | <br> | <br> | <br> |   |
|   |      |   |      |       |      |             |      |      |      |   |

GET 3 MEMBERS . . . DON'T DELAY JOIN THE "25,000 CLUB" TODAY!

### "25,000 Club"

In the March CREDIT WORLD we announced the organization of the "25,000 Club." If you have not qualified as a member, do so now by reporting three new National members. This will entitle you to a sterling silver and enameled membership lapel button or pin. Members of the club at the New Orleans convention will attend a luncheon as guests of the National Association, and directors of the club will be elected for the ensuing year.

Regardless of the fact that you may not be serving on a membership committee, we hope that you will make a special effort not only to qualify as a member of the "25,000 Club" but to help your Local and State Membership Chairmen to put across a successful drive. To accomplish this you may need extra copies of the CREDIT WORLD and other assistance from this office. If so, please write us.

Cancellations for this year have been heavier than for some years, due to the scarcity of installment merchandise and the fact that many members in the automobile, tire and accessory, and electrical appliance fields have been forced to discontinue business.

To maintain a membership of 17,000—and we had hoped to have 17,500 by the end of May—it will be necessary that special effort be put forth to interest non-members in joining the National Association.

Will you do your part?

### Membership Blank

National Retail Credit Association Shell Building, St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

| Inc orean   |    |       |  |
|-------------|----|-------|--|
| Name        |    |       |  |
| Title       |    |       |  |
| Firm        |    |       |  |
| Business    |    |       |  |
| Address     |    |       |  |
| City        |    | State |  |
| Recommended | By |       |  |

•

The Board has answered that, since the obligation being retired in such case is neither "instalment loan credit" nor "instalment sale credit" as defined in the Regulation, and therefore was not itself subject to Regulation W, a Registrant making a loan to retire such an obligation is not bound by the terms granted by the vendor. This, of course, does not exempt the loan from the maximum maturity and other provisions of the Regulation applicable generally to instalment loan credit. Moreover, in such a case, if a Registrant making the loan wished to grant terms more liberal than those granted by the vendor, it would be necessary for him to ascertain that the credit being refinanced was in fact credit arising from the sale of an unlisted article.

In this connection, the "Statement of Borrower" prescribed by the Board provides a means for the Registrant to ascertain certain facts, including facts as to whether the proceeds are to be used to retire an instalment obligation, and it protects the Registrant in relying in good faith on such facts when so ascertained. However, the "Statement of Borrower" does not provide any means for ascertaining facts in addition to those developed in answering the questions contained in the prescribed form. Certain other provisions of the Regulation provide means for establishing certain pertinent facts by accepting in good faith a statement of the obligor with respect to such facts; but neither the "Statement of Borrower" nor any provision of the Regulation provides any means for ascertaining whether instalment credit being retired, instead of being "instalment loan credit" or "instalment sale credit," is some different type of instalment credit. Accordingly, if the Registrant wishes to disregard the terms of the instalment obligation being retired, he must ascertain the necessary facts independently of the "Statement of Borrower," and the treatment which he may accord to the instalment obligation being retired will be controlled by the facts themselves.

It may be noted that a similar problem arises in the case of a loan to retire an extension of "instalment sale credit" or "instalment loan credit" which was originally granted with a shorter maturity than that required by the Regulation and on which, therefore, the Regulation would permit the rate of payment to be reduced to that permissible in the first instance. The question whether a particular outstanding obligation is one on which the rate of payment could be reduced in this manner is another question which is not answered in the "Statement of Borrower" and on which the Registrant is not authorized to rely on any other statement of the obligor. Therefore, if the Registrant making the loan to retire the obligation wishes to reduce the rate of payment, he must act independently of the "Statement of Borrower," and the treatment which he may accord to the instalment obligation being retired will depend upon the facts themselves.

119. INSURANCE PREMIUM NOTES—Notes payable to insurance agents or brokers for premiums are not subject to Regulation W, because insurance is not a "listed article" under the Regulation, and the agents and brokers are "sellers" within the meaning of Section 2(d). Financial institutions

may purchase such notes regardless of the requirements of the Regulation.

However, instalment loan credit extended by a financial institution for the purpose of paying premiums is subject to the Regulation, except as provided in Section 6.

120. PLUMBING AND SANITARY FIXTURES

—The classification "plumbing and sanitary fixtures designed for household use" does not include piping or their plumbing supplies not a part of such fixtures, although these items may fall within the classification of materials and services referred to in Group E-1 of Part 1 of the Supplement.

It is to be noted, however, that for purposes of determining the maximum amount of credit, the bona fide cash purchase price of the fixtures includes the cost of accessories such as faucets, cabinets, or shower attachments installed with the fixtures.

Also included in the bona fide cash purchase price of the fixtures is the cost of installation of the fixtures and accessories but not the cost of installation of separate piping and fittings.

- 121. WATER PUMPS—WINDMILLS—The classification "water pumps designed for household use" includes windmills designed for pumping water to a tank from which the water is piped for various uses. The windmill is the principal part of the pumping mechanism in these cases and therefore is included even though purchased separately.
- 122. ERECTING NEW OR REPAIRING EXIST-ING FENCE—Group E—Group E-1 of the Supplement includes materials and services used in erecting a new fence or in replacing or repairing an existing fence on any property on which there is an existing structure.
- 123. EXCESS DOWN PAYMENT LOANS—The words "down payment" in Section 5(f) of Regulation W refer to the down payment required by the Regulation.

Accordingly, if a seller asks for a larger down payment than is required by the Regulation, Section 5(f) would not prevent a bank or other lender from lending the purchaser the difference between the down payment required by the Regulation and the down payment required by the seller.

124. GENERAL INTERPRETATION—Interpretation W-16 dealt with a case in which a dealer sells a listed article but does not take a note from the customer payable to the dealer, and instead, according to arrangement with a bank, takes a note payable to the bank. W-16 stated that the transaction constitutes an extension of instalment sale credit within the meaning of Section 2(d) of Regulation W. The Board has recently been asked whether the transaction also constitutes an extension of instalment loan credit, in which event a "Statement of Borrower" would have to be taken in connection with the transaction.

It is the view of the Board that such a transaction does not constitute an extension of instalment loan credit since, under Section 2(e) of the Regulation, instalment loan credit includes only specified transactions "other than instalment sale credit." It is to be noted, of course, that the definition of instalment sale credit in Section 2(d) is by its terms confined to transactions involving a listed article, and that accordingly if the article involved were unlisted, the transaction might, as indicated in the last paragraph of W-119, be an extension of instalment loan credit.

125. STATEMENT OF TRANSACTION—Section 5(c) (1) requires that a copy of the statement of the transaction be given to the obligor. The Board has been asked whether a copy of the statement should be given to each of the parties to a note which is made by several comakers, some of whom are accommodation makers.

The Board replied that a copy of the statement need be given only to the party who receives the proceeds of the loan.

Similarly, the statement of the borrower required by Section 5(d) need be obtained only from the party who receives the proceeds of the loan.

126. REGISTRATION STATEMENT—Under Section 3(a) of Regulation W, every person engaged in the business of making extensions of instalment sale credit or instalment loan credit, must file a simple Registration Statement. Since Section 6 of the Regulation exempts certain transactions from the requirements of Sections 4 and 5, questions have been received as to whether a person must register if the only kinds of "instalment sale credit" or "instalment loan credit" he extends are those covered by Section 6.

The answer is that he must. The exemption, as indicated above is only from Sections 4 and 5, and it does not affect Section 3. Furthermore, the credits described in Section 6 are closely related to the general purposes of the Regulation, in fact, many of them are exempted only on certain important conditions that are similar in many respects to those stated in Sections 4 and 5.

127. FIRST MORTGAGES—Interpretation W-25 of Regulation W stated that a first mortgage may be considered a "first lien" within the meaning of Section 6(a) of Regulation W, even though a prior lien for "current taxes not due and payable" exists under state law.

Although the facts involved in that interpretation related only to current taxes not due and payable, the Board has recently considered other questions regarding property taxes on mortgaged real estate under the Regulation, and the Board is of the opinion that a first mortgage is a "first lien" within the meaning of Section 6(a) regardless of the status of any property taxes on the property, whether the taxes are current or past due.

- 128. SECOND MORTGAGES—If a lender who has made a loan secured by a first mortgage makes another loan to the same borrower secured by another mortgage on the same property, and if there are no intervening liens, the second mortgage is a "first lien" within the meaning of Section 6(a), as long as both notes are held by the same lender. This supersedes Interpretation W-30.
- 129. INTERPRETATIONS AFFECTED BY AMENDMENT No. 3—Amendment No. 3 to Regulation W will affect certain interpretations previously issued by the Board, and the following comments will be pertinent to the interpretations indicated, beginning March 23, 1942:



"We were delighted to have Mr. Bolen and yourself in attendance at our recent meeting, and the comments received were very favorable to you both. As a result, the interest of the credit managers of Philadelphia in retail credit matters has definitely been aroused and I believe it will increase to a much greater extent in the near future."—Charles F. Sheldon, Manager, Credit Bureau of Greater Philadelphia, Inc., Philadelphia, Pa.

"The cover of the March CREDIT WORLD is splendid. Congratulations on a fine piece of work!"

—E. F. Horner, Credit Manager, Kline's, St. Louis,

"Seventeen Lincoln credit people have just returned from the Sixth District Conference in St. Paul, and are unanimous in the opinion that you have found a rare jewel in Mr. J. Gordon Dakins. He did a fine job and his splendid addresses were a main feature of the Conference."—Fred R. Cox, Credit Manager, Gold & Co., Lincoln, Neb.

"We appreciate your magazine and look forward each month to reading the many interesting and educational articles that are contained therein."— A. R. Manning, Credit Manager, People's Lumber Co., Ventura, Calif.

"Please enter our order for 1,000 'All American' Stickers. This looks like a winner and we want some of our members to see them and buy them for their statements."—Milo J. Reusch, Manager, The Credit Bureau of Burlington, Burlington, Iowa.

"We are very much pleased with the new 'All American' Sticker. Please send us 25,000 as quickly as possible."—A. B. Buckeridge, Executive Manager, Credit Bureau of Greater N. Y., Inc., New York City.

W-4, W-73, W-76 and W-88 will be obsolete.

W-55 will be obsolete only to the extent that it refers to "Items 1 through 4 of Part 3(a) of the Supplement."

W-69. This interpretation relates to the provisions contained in Section 6(j) before Amendment.

contained in Section 6(j) before Amendment. W-84. Paragraph numbered 4 will be obsolete.

W-90 will be obsolete only to the extent that it refers to the old provision "seven heating surfaces" instead of the new provision "designed for household use."

W-115. Superseded by Amendment in Option 1 of Section 8(b).

W-10. Note new provisions in Supplement regarding suction cleaners.

W-14. Note that clocks are now listed in Group C in the Supplement.

W-17. Note that silverware is now listed in Group C in the Supplement.

W-38, W-43, W-49, W-52, W-56, W-63, W-70, W-95, W-102. Note changes in maximum maturities in Supplement. W-63 and W-77. Note Part 3(b) of Supplement, as amended.

W-71 and W-116. Note new provisions in Supplement regarding radios.

## Broadcasting Credit Education

W. B. McConnell

Controller-Credit Manager, Jonasson's Pittsburgh, Pa.

THF, HISTORY OF RADIO credit publicity goes back two decades to the time when radio broadcasting was just beginning to sit up and take notice. Radio Broadcasting News (a weekly bulletin published by Station KDKA) in its issue of January 15, 1922, stated editorially: "Radio broadcasting is in its infancy, but already it has ceased to be a fad or scientific plaything. Each day brings new evidence of its value as a public service of great possibilities and one destined to add much to the civilization of the world."

The Retail Credit Association of Pittsburgh, according to all available records, was the first credit organization in the country to recognize the possibilities of the radio as a medium for improving community credit morale, and was the first to use the air waves to expound to a radio audience that, "Prompt payment establishes good credit and good credit is a valuable asset."

### The Beginning of Credit Education

This is the way it happened. In the fall of 1921, the Y.M.C.A. was arranging a program for the observation of National Thrift Week to be held during the week commencing January 16, 1922, and requested the Retail Credit Association of Pittsburgh to sponsor the local program. To each day in the week was designated a particular phase of thrift—one of which was to be known as "Pay Your Bills Promptly Day," as suggested to our National Association by Colonel Blackstone in 1919.

The Publicity and Credit Educational Committee of the Pittsburgh Association recognized at once the possibilities presented by a "Pay Your Bills Promptly Day," and enthusiastically took over the entire program.

It must be remembered that this was before the days of expensive commercial broadcasting and without going too much into detail, arrangements were made with Radio Station KDKA for a 15-minute period every evening of Thrift Week, Monday through Sunday, at no cost to the Association.

Able speakers, prominent in the business and civic life of Pittsburgh, were secured to speak on the thrift sub-

jects assigned to them, and on Friday evening, January 20, 1922, I, as the President of the Retail Credit Association of Pittsburgh, spoke on the subject of "Pay Your Bills Promptly." Thus the gospel of the importance of a good credit rating was first put on the air, for quoting from the script of that pay-your-bills-promptly talk, "Credit is a convenience based on confidence—not in your ultimate desire and ability to pay your bills, but in your willingness and ability to pay them promptly when due."

The Pay Your Bills Broadcast was tied up with what was probably the first newspaper advertisement paid for by our Association and the copy read as follows:

Are Your Bills Paid? Most Bills Are Due by the 10th. Saturday, January 21, 1922 is designated as Pay Your Bills Promptly Day

of National Thrift Week
Here is an opportunity to start the New Year by paying
all overdue accounts, and to subsequently enjoy that real
satisfaction which comes from the payment of current bills
in conformity with the terms of sale.

Retail Credit Men's Association of Pittsburgh 350 Members

Radio program managers in those days were very particular. They are more so today, but in a different way.

In the fall of 1923, Mr. H. W. Leonard, then President of the Pittsburgh Association, appointed a special Thrift Week Committee, of which John R. Jackson, now deceased, was Chairman. The Committee put on a most ambitious program, one of the high spots of which was

an Essay Contest, on the subject, "The Value of Good Credit-How Established and Maintained." It was participated in by students in 52 high schools in Pittsburgh and Allegheny County. The student who won the first prize presented his paper over Station KDKA on Friday evening, January 18, 1924, which evening preceded the day in the Thrift Program designated as "Pay Your Bills Day." Promptly However, we had worked on this essay contest for six months.

### WHAT WOULD HAPPEN...

If your Physician or Dentist waited sixty days before attending your illness or teeth? You get prompt service from MERCHANTS, DENTISTS and PHYSICIANS and they expect you to pay promptly. REMEMBER, PROMPT PAYMENT of all bills is an important factor in National Defense.

RETAIL CREDIT
ASSOCIATION

Pittsburgh

The publicity secured from the program was tremendous. Although the radio by this time had passed beyond the experimental stage, there was a definite thrill on the part of the radio audience who were able to tune in on distant stations, and the committee received acknowledgments or fan mail from 28 states and 3 Provinces in Canada.

Paid newspaper advertising plays a most important part in any program for community credit education, equaled if not exceeded by items in the news column of daily papers. It may be of interest to note that during the year closing with the Thrift Week programs, the Pittsburgh newspapers reported the activities of the Retail Credit Association of Pittsburgh in 2,293 inches of news items, which is equivalent to 32,102 lines or 104 columns.

From 1924 down to the present time, the Association has consistently used the radio in time periods and spot

announcements to disseminate to the great buying public the importance of a good credit reputation.

Under the direction of Harry E. Wilson and Colonel Franklin Blackstone (who both served many years as Chairmen of the Radio Committee), numerous outstanding programs were arranged over local stations. In October, 1925, Mr. Wilson, then President of the Association, arranged a "Pay Your Bills Promptly Week." Addresses by prominent credit men were broadcast by Sta-

tion WCAE on Saturday, October 24, and on Monday, Tuesday, Wednesday and Friday evenings of the following week.

One of the outstanding radio features was four weekly broadcasts over Station WCAE the third of which was a radio sketch entitled "Credit Clearance or a Credit Episode." This episode can be visualized by the announcer's introduction which was as follows:

"The program presented this evening depicts an episode in the office of the Credit Manager of a retail store, one busy afternoon, the principal characters being Mrs. Pay Slo Lee, who wishes to open a charge account at the store, and Mr. Credo, the Credit Manager, who interviews the customer.

"This particular 'Credit Episode' is due primarily to the fact that a charge amounting to \$59.75 for a dress purchased by Mrs. Pay Slo Lee has been referred to the Credit office for authorization. The customer wishes to take the dress with her, and as no charge account can be found in her name, the customer has been requested to see Mr. Credo in the Credit Office.

"The customer has just reached the Credit Office as we tune in on the conversation."

Mrs. Zella H. Blackstone, wife of Colonel Blackstone, portrayed the customer and Mr. Wilson, that of the Credit Manager, in a most excellent manner.

This program was broadcast on Monday evening, April 26, 1926, and subsequently printed in full in The CREDIT WORLD, and repeated two years later with slight revisions.

On March 29, 1928, a series of six weekly broadcasts was arranged over WCAE under the auspices of the Retail Credit Men's Association and the Pittsburgh Credit Bureau. Mr. A. B. Buckeridge, then our Bureau Manager, was conspicuous in these broadcasts.

The following subjects were covered in their respective order.

What Is the Credit Bureau? Credit and the Community. How Unpaid Accounts Affect Your Credit. Community Credit Morale. Keeping Up With the Joneses. The Credit Man and the Customer.

Following the foregoing broadcasts, a program of 30 weekly newspaper advertisements was inaugurated. The advertisements appeared every Monday in one of Pittsburgh's three newspapers—during April through June, and during September through December of that year.

In the preparation of copy for these ads, the Publicity Committee enjoyed the cooperation of the best advertising minds in the country—the advertising managers of the Pittsburgh stores.

It was the practice of many of the credit men, a few days prior to a scheduled broadcast, to make up their own lists of bad or slow paying accounts, to be used for mailing a printed postal card calling attention to the program. The store name did not, of course, appear on the card and the names were not given to

Next Month

"Ingredients That Build Personality," Joseph M. Tewinkle, Spokane

"Living With Regulation W," W. I. Stoddard, Michigan National Bank, Battle Creek

"Retail Credit Trends," O. M. Prentice, David Spencer, Ltd., Victoria, B. C.

"Credit Granting in the New Day," A. H. Kindler, G. M. McKelvey Co., Youngstown

"When the Smoke Clears Away," Ira M. Patton, The Tutwiler Hotel, Birmingham

"Utility Credit and Collection Problems," C. A. Parks, Southwestern Gas and Electric Co., Shreveport

anyone. Here is how the card read:

An Invitation

You are cordially invited to tune in on Station WCAE at 7:30 P.M. Eastern Standard Time on Friday, October 18, 1929

"Waiting for Rose."

The courtesy of your opinion of the program is solicited. Retail Credit Men's Association of Pittsburgh affiliated with The Credit Bureau, Inc.

"Waiting for Rose" was another original radio sketch, which had been broadcast a number of times, and depicted the young husband (Mr. C. E. Young) waiting impatiently at home with no dinner prepared, for his wife (Rose Bright) to return from a shopping spree whereby the family credit had been strained.

J. R. Truesdale, then Secretary of the Pittsburgh Association, enjoyed telling the story of the reaction of a customer of the local stores who was his landlady. She came to him on the day preceding the first broadcast of "Waiting for Rose" and said: "Look, I have received eight postal cards from the Credit Association regarding a radio program tomorrow night. It must be something good."

And so, down through the years the Credit Association and the Credit Bureau have consistently used radio as a means through credit education to create and maintain a better community credit morale.

The most recent broadcast was on the evening of Tuesday, January 13, 1942, when the Chamber of Commerce

(Continued on next page)

## The Book Shelf

Commercial Credit and Collection Practice (The Ronald Press Company, 15 East 26th Street, New York, 606 pages, \$4.50)—Another excellent contribution to the field of retail credit, this volume places emphasis upon analysis as the key to the solution of credit and collection problems and the carrying of that analysis through to a specific, practical decision. The material as presented in the book has been used for four years in the class work of the author, Watrous H. Irons, Ph.D., Associate Professor of Banking and Finance, School of Business Administration, The University of Texas.

LaSalle Federal Income and Excess Profits Tax Manual (LaSalle Extension University, Chicago, Ill., 315 pages, \$2.50)—The purpose of this text is to present to the student, business executive, and accountant, a clear, concise and nontechnical summary of the law applicable to the preparation of 1941 returns. Emphasis is placed on fundamental principles and the development of current provisions from prior laws and Treasury Department and court decisions. Available from the LaSalle Publications Department, 4101 South Michigan Avenue, Chicago, Ill. Problems and solutions for teaching use are also available.

Census of Business, 1939—The following releases of the Sixteenth Census of the United States (1940) are now available from the United States Government Printing Office, Washington, D. C., at the prices given:

Retail Trade. Commodity Sales, General Merchandise Group.

Retail Trade. Commodity Sales, General 25 cents

Retail Trade. Commodity Sales (Eating Places, Drinking Places, Cigar Stores, Cigar Stands, Liquor Stores).

Retail Trade. Commodity Sales (Jewelry Stores, Luggage Stores, Opticians, Photographic Supply Stores, Sporting Goods Stores, Bicycle Shops).

The Census was prepared under the supervision of Fred A. Gosnell, Chief Statistician for Business, who recently resigned his position. Mr. John Albright is now Acting Chief Statistician.

Financing the War (Tax Institute, University of Pennsylvania, Philadelphia, 366 pages, \$2.50)—In this, the first work of its kind to appear since the United States entered the war, the Tax Institute has furnished a kind of blueprint for the nation to follow if we are to avoid the devastating spiral of inflation. The book comprises eighteen authoritative chapters covering various phases of war finance and prepared by as many experts. Problems of war finances in broad outline are pre-

perts. Problems of war finances in broad outline are presented by Robert Warren of Princeton University, and Homer Jones, Federal Deposit Insurance Corp.

### "Broadcasting Education"

(Beginning on page 28)

of Pittsburgh, and the Credit Association participated in the Chamber's weekly "Pittsburgh Prepares" Program over Station WJAS.

The subject selected was "What the Retail Credit Association Is Doing and Will Do for National Defense," and took the form of a round-table discussion, participated in by President Blackstone and Past-presidents Harry E. Wilson, Robert W. Sloan, and W. B. McConnell. A transcription was made of this discussion for a permanent record. Among the points brought out in the broadcast was the application of Regulation W of the Federal Reserve Board governing the extension of retail credit, the curtailment of unnecessary returns by customers, and the carrying of small purchases. The Pittsburgh Association has also used the Pittsburgh newspapers in their credit educational program. An advertisement which appeared in the "Health Section" of the Pittsburgh Post-Gazette is reproduced on page 28.

This brings the educational activities of the Pittsburgh Association down to the present time. I have intentionally refrained, with one or two exceptions, from mentioning the names of those who contributed so generously of their time and talent in promoting the success of the programs, for fear that I might unintentionally omit some one who should have been mentioned. These names would, however, represent the early and present roster of the Association's most active members. As a tribute to those loyal members who have passed away—the names of John Jackson, Frank Armstrong, Fred Caten, Guy Ferguson, and Leon Michaels will be remembered for their cooperation and participation in all credit educational activities.

### Positions Wanted

CREDIT MANAGER—To take complete charge of all credit operations. Thoroughly experienced handling personnel for maximum, efficient production. Well educated. Taught subject of retail credit and collection for years. Unusual record for results on solicitation and account promotion. Expert correspondent. At present employed in department store in full charge of medium size volume of leases, coupons and monthly accounts. Not subject to draft. Best of health and habits. Will go anywhere. References. Address Box 41, CREDIT WORLD.

CREDIT EXECUTIVE—Eighteen years with present company. Thoroughly trained in all branches of installment credit, credit sales promotion and office management. Complete details by letter. Address Box 42, CREDIT WORLD.

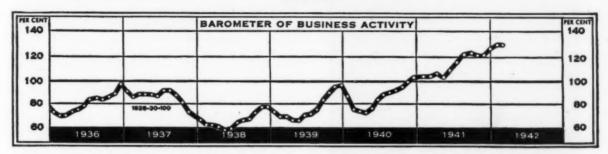
### Attention Credit and Collection Managers

The convention committee on collection letters and forms requests that you send at least one set of your letters to be exhibited at our annual convention in New Orleans, June 15-18, 1942. Address them to George J. Springer, Katz & Besthoff, New Orleans, La.

### CURRENT BUSINESS CONDITIONS

### The Barometer

Steadily expanding output of war materials in February held total industrial production close to the record volume for January, despite growing restrictions on the manufacture of consumer durables.



This barometer appears in the April issue of "Nation's Business," published by the United States Chamber of Commerce.

### The Map

The trend in trade and industrial activity continues upward at about the same rate as business was expanding during the early part of last year. The general average is around 20 per cent higher than it was a year ago, and present indications point toward further expansion during the coming months.

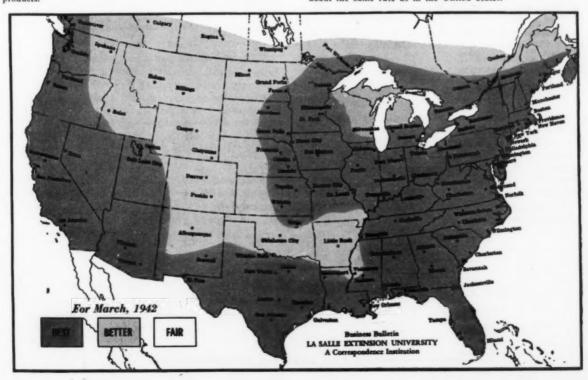
The areas in which business conditions are good have grown much larger until now they include nearly every section of the country. The Map shows that there are still some differences between conditions in the industrial regions along both Coasts and in the states throughout the western part of the agricultural region. These differences have become much less, however, than they were even a few months ago.

Although comparisons between different parts of the country show that conditions are more nearly uniform than they usually are, many smaller cities and communities have been adversely affected by the shift to the increasing production of war materials and the slowing down in the production of many civilian products.

Different factors account for present conditions in different parts of the country. Throughout the industrial regions of the East and around the Great Lakes, the largest single factor is the enormous Government spending for war production. It is keeping the steel mills operating at capacity and is maintaining the high level of operations in factories producing machinery and equipment. In the South, the higher prices received for cotton, and purchasing in connection with the military camps, help keep up trade and business activity.

Higher farm income accounts for improved business in the agricultural regions. Farmers have been selling the large crops they harvested last year and have received much higher prices than they have for many years. In the Pacific Coast states shipbuilding and airplane manufacturing are two important factors which help account for the excellent business conditions there.

In Canada, the expansion of industrial activity continues at about the same rate as in the United States.



### THE EDITOR'S PAGE



ROM CONVERSATIONS with credit executives throughout the United States, my attention has been drawn to the immediate need for clarification of Regulation W. With the original regulation and its three amendments appearing on four separate documents, along with the technical wording used, credit granters are finding it difficult to interpret and apply the regulation correctly. Some 129 interpretations have already been issued by the Federal Reserve System in an attempt to make the measure more understandable, but many of them are couched in such involved language that it is a task for the average layman to understand what they really mean.

\* \* \*

So far, nothing has yet been published to provide the credit granter with a complete presentation of the regulation in terms that he can understand. Letters have come from all parts of the country asking the National Office to take the initiative in preparing a practical explanation of the regulation. The need is for a manual which will provide a working knowledge of the regulation, and which will enable everyone to comply fully with the measure. In response to these requests and the apparent need, the National Retail Credit Association has solved the problem with the publication of a new booklet designed to meet the requirements of all credit granters. Everything essential to a clear understanding of the regulation and the procedure involved has been covered in the simplest possible manner, and the language used throughout is easy to understand. Bound in a convenient pocket size, its 100 pages provide the most complete presentation of the regulation ever brought within a single cover. The booklet is based not only upon a study of the regulation but also upon an examination and digest of all interpretations issued to date.

\* \* \*

Treating the subject in a practical way, the booklet is divided into three parts for quick reference. One section deals exclusively with the problems of retailers and merchants selling under the regulation. Listed articles have been carefully defined and indexed alphabetically showing minimum down payments and maximum time. A second section covers the needs of financial institutions and others lending under the regulation. Finally, in a third section, the regulation itself has been printed for the first time in a complete form by consolidating the original measure with its three amendments. No longer will it be necessary to thumb through four documents to get the information you want.

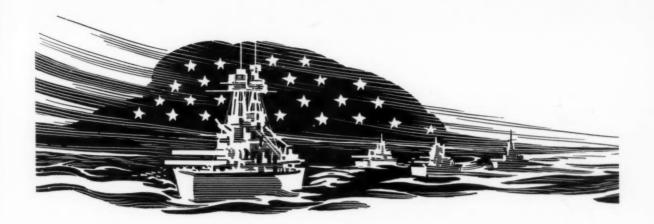
\* \* \*

With the tested aid and guidance of this carefully planned, authoritative work, it is now possible for every credit granter to face the problem of complying fully with the regulation with far more confidence and greater assurance of success. In addition, there is a complete reference index providing access to any fact by the mere flip of a finger. The price to members is 25 cents (to others—50 cents).

\* \* \*

This new guide to selling and lending under Regulation W should be on the desk of everyone engaged in the extension of credit, including all members of your staff.

General Manager-Treasurer



## We Will Finish the Job!

- ★ Each of us has a job to do in this All Out war and WE WILL DO IT!
- ★ The courageous spirit of our forefathers is imbedded within us. Their spirit of vision and fortitude has been passed on to us and will help to win ultimate Victory.
- ★ We must endure the bitter as well as enjoy the sweet. We must accept the tasks that are given us—whether large or small—with the desire and the will to do our part toward that ultimate Victory.
- ★ One way to help finish the job is to buy defense bonds—and one way to get more funds with which to buy bonds is to let us collect your pastdue accounts.
- ★ Our extensively trained personnel — our highly efficient All Out methods— our proved reliability—are all mobilized and on the march to assist you with your collection problems.
- ★ Call on us—WE WILL FINISH THE JOB!

The Five Hundred Seventy-Five Members of the

COLLECTION SERVICE DIVISION

ASSOCIATED CREDIT BUREAUS OF AMERICA

1218 OLIVE STREET

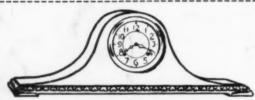
SAINT LOUIS, MO.



## All American INSERTS

suggesting prompt payment of bills as a matter of national defense. A timely educational feature, these Inserts make an excellent follow-up to the ALL-AMERICAN Sticker announced in the March CREDIT WORLD.

Only \$2.00 a Thousand



### **Unforgiving Minutes!**

merica's whole war effort is a race against time—time to make tanks, ships, planes and guns—time to train men.

In this race, every cooperative effort plays a vital part. As a loyal American, you can help by paying your bills promptly.

Waste no time! Make it a habit to pay all bills promptly—BY THE TENTH or as agreed.

VICTORY WON'T WAIT FOR A NATION THAT'S LATE!



### Let's All Do Our Part!

he credit granters of America have volunteered "for the duration." To do their job with the speed and efficiency demanded of everyone in a nation at war, they need the support of every customer.

Pay your bills promptly and help the credit granters of America to assist our government. You thereby eliminate unnecessary work—help to conserve paper—and release capital and man power for the war effort.

id our fighting forces through all out cooperation in conservation and sacrifice. Wars, today, are won on the home front as well as on the battlefield.

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PROMPT PAYMENT OF BILLS
IS AN IMPORTANT FACTOR
IN NATIONAL DEFENSE



NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING



ST. LOUIS, MO.

